FOR MYSORE STATE

Development (1950) Department.

MS. SERIES

G.O. NO. 1316

176

27-2-50

[E.T.O. at p. 97 ctr.]

[Despatch Abstract.]

Companies — Sandur Tobacco Co. Ltd. & and Sandur Plantations Ltd. — Appointment of Inspectors under section 138 of Indian Companies Act, 1913 — Orders passed

Copy of Go. 97/B Mad/Jud Dept

9

R.C.No. 532 /49-1 C.C. Dated. 16-1-49.

From K.N.Anantaraman Esq.,I.C.S.,
Collector, Bellary.

To The CHIEF SECRETARY TO GOVERNMENT,
Fort St.George, Madras.

Sir,

STATES - Sandur State- The Sandur Tobacco Co Ltd., Sandur - Interests of the State - Settlement of --

Ref:- i) Letter dated 2-10-48 from Sri.A.D. Sampat, Managing Agent . pp 11-13 mfa
ii) D.O. dated 12-1-49 of the Special Officer, in charge of Administration, Sandur. pp 15-19 mfa

CHIEF SECRETARY GOVERNMENT OF MADRAS 26 JAN 1949 426

pp 11-19 mfa 1 I enclose herewith copies of the letters cited above

2 On 2-10-48, Mr. Sampat the Present Manging Agent of the Sandur Company met me and placed before me the facts, relating to the States interests with the company, the several concessions promised to be allowed to the company, the present critical financial position of the company etc and requested me to clarify to him, the attitude that the state would like to adopt regarding the deposit of Re,1/- lakh invested by the State in the company and secondly to allow the amount of Excise duty to be paid to the state by the company, as a subsidy granted by the state, " as the company is financially weak and practically has no money to pay the Excise duty".

p.15 mfa 3 Attention is invited to paragraph 5 of the Special Officer's letter enclosed. It was on a notice issued by the Special Officer to the Company for payment of the Excise duty of Rs.32,000/-, that the Managing Agent had approached me with his above request for treating the amount as subsidy granted to the Company by the State.

4 As regards the question of keeping the deposit, the general body have not come to any conclusion about the return of one lakh of deposits to the State.

5 I however think, that it is not safe to give the Managing Agent, any assurrance, regarding the deposit, and all arrangements with the Sandur Government previous to the taking over of the administration cannot be binding on the State, as they appear to be only informal assurances by the officers of

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that time.

6 I request that the Government may obtain necessary legal opinion in the matter and decide as to the course of action to be taken further in regard to (1) the payment of Excise duty by the Company and (ii) the return of deposit amount of the ~~stat~~ State by the company

7 A copy of the agreement entered into by the State with Rao Saheb RI Patel the original Maraging Agent, and a printed copy of the report of the company for the period ended 31st March . 1948 are also enclosed.

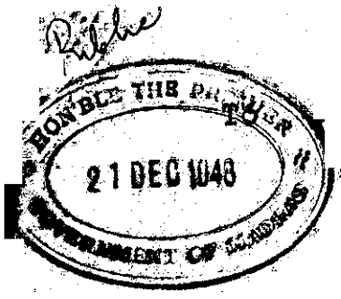
COLLECTOR, BELLARY.

1814-9.

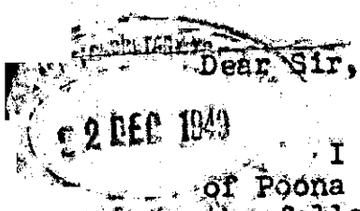
PM.CMS 5920
28.12.48

From :

Chandrasen Shankarrao Jadhav,
34/15, Erandwana, Kacharewadi
Poona 4



Hon'ble Sardar V. Patel
Minister for State (Home Department)
Govt. of India, New Delhi



Dear Sir,

I the undersigned applicant Chandrasen Shankarrao Jadhav of Poona 4, 34/15, Erandwana, Kacharewadi, beg to put before you the following few lines for your kind consideration and necessary orders.

I have to state that according to news press, the question of merging of Sandur State in Madras Province, is at present under discussion. I beg to request you to include in the terms of merging, the following points on behalf of Government of India and public.

1) The following two companies are at present carrying business in Sandur under the patronage of Sandur State:-

(A) The Sandur Tobacco Co., Ltd., Yeshawantnagar, Sandur State, Sandur.

(B) The Sandur Plantation Company, Ltd., Sandur State, Sandur.

2) The managing Agency of the above two companies has been sold on 22.7.1948 by Messrs. J.B. & Sons to M/s. A.D.Sampat & Co.

3) Why Government of India should interfere in this matter. The reasons are as follows :

(a) Sandur State has given a deposit of Rs. 100,000/ the Sandur Tobacco Company.

(b) Sandur State has purchased some shares of Sandur Tobacco Company, Ltd.

(c) Sandur State has given a number of facilities to the Sandur Tobacco Co., Ltd. & Sandur Plantation Co. , Ltd.

(d) Sandur State has purchased shares of face value Rs.25,000/- of the Sandur Plantation Co., Ltd.,

(e) As these two companies are at present under the patronage of Sandur State, it is presumed that after merging above companies will automatically be under the patronage of of India.

(f) In order to enhance the general revenue of State according to the request, encouragements of shreemant M/s. J. B. & Sons' owners Rao Saheb Premchand Ichharam Pat has started these two companies in Sandur State.

(g) As the Sandur Tobacco Co., Ltd. was under the nage of Sandur State and as the Sandur State had deposited 10,0000 and moreover the state had bought shares of the Company, many of the people of Poona, thought the solidar the Company & deposited in it deposits with over Rs. 5000 lakhs).-

(h).....

(h) Messrs. J. B. & Sons, owner Raosaheb P.I.Patil represented that as the Company is under the patronage of the Sandur State there was not a chance losing the deposits and the Company's financial stability is sound and solid, we deposited in the aforesaid Company large amounts referred to in item "g" above.

(i) But as the economic condition of the above Company is at present has reached to a diplorable stage, the fate of the deposit of Rs. 100000 of Sandur State and that of Rs.500000 of public is in the melting pot and may not be returned to the depositors. Thus while determining the conditions & terms of the question of merging the State Government of India may safeguard the interest of Sandur State to the extent of Rs.100000 and the deposit of Rs.500000 of other depositors from public, if efforts are launched on the following lines. As the powers of Government are sovereign and greater than the depositors, Government will be able to solve this question at an early date. Thereby Government will protect their own interest as well as that of depositors. Hence, I beg to request that, without any further delay Government should take up this question for a favourable disposal.

4) <u>The original history of the Companies</u> :-

Rao Saheb Premchand Ichharam Patil was the previous owner of both the Sandur Tobacco Co., Ltd. Yeshwant Nagar and the Sandur Plantations Ltd.

5) The original name of the Company of Raosaheb P.I. Patil was the Sandur Tobacco Co., Ltd. = He devided this Co. into two halves of which one he sold to the Sandur Tobacco. Co., Ltd. and the other he sold to the Sandur Plantations Ltd.

6) After selling once own company to a Limited confern, Rao Saheb P.I.Patil became the managing agents of both these companies under the name J. B. & Sons.

7) Messrs. J.B. & Sons means J = Shreemant Jayantrao Vasudeorao Patil, Bankers & Landlord, Savdi, E.Khandesh, (Bombay Presidency). He is the nephew of Raosaheb P.I.Patil and has got patronship in the Managing Agency. He himself is the director of both the said Companies. B = Shreemant Bhalchandra Premchand Patil. He is the son of R.S. P.I.Patil. He was a partner in the Managing Agency. Sold Proprietor :- Raosaheb P. I. Patil was the sold proprietor of M/s. J. B. & Sons.

8) It is learnt that the following are the causes to deteriorate the economic condition of the above Companies . It is upto Government to scrutinize and ascertain whether these reasons are real or otherwise.

(a) R.S. P.I.Patil met with great loss when he was carrying on business of his own Company.

(b) In order to recoup the above loss he sold his own Company to the said two companies.

(c) The managing agency of the previous Coy. which was run in loss was taken to himself, as the proprietor of M/s. J.B. and Sons as Managing Agents of the new two companies.

(d) It is understood that in order to wipe out and digest the above loss into the limited Companies, the Managing agents have made tremendous confusion in accounts.

(e) Inspite of the previous knowledge that Co. was being conducted in loss at the time of purchase, Directors deliberately neglected the safety of the two companies.

(f) In order to create a false impression on public regarding the companies solidarity the contets of the prospects were misleading with a deliberate intension of duping the investing public.

(g) On knowing that the above tricks and the entire matter may come to the light after the merging of the state, Messrs. J.B. & Sons hurried up their transactions before the question of merging the state is solved. Thus J.B.& Sons & Co. sold their managing agency on 22.7.1948 to M/s. A.D.Sampat on several conditions, by abruptly bring the proposal of transfer of their agency before a few Directions and got the resolution passed.

(h) Majority of the Directors are the depositors of the Companies. In order to safeguard their deposits they have obtained in writing personal security from R.S.P.I.Patil stating "If company will not return the deposit, I will personally repay the amount". From this it is quite vivid that the directors were knowing the ~~the~~ Co. was sure to wound up in its business in future.

(i) If Government at once take into their custody Accounts Book-s and relevant records may be of the aforesaid misteries and frauds will be revealed.

(j) R.S.P.I.Patil and his nephew Shreemant J.V.Patil had their one joint family property. But forecasting that their estate may be confiscated in order to meet the loss of the companies they divided and partitioned their property and registered the partion deed on 11.9.48 in the office of the Registrar of Sawda (E.Khandesh), Bombay Presidency).

(k) Shreemant Jayantrao Vasudeorao Patil was a main partner in the agency and was one of the Directors of the Companies. Thus judging that his estate may be affected on account of the companies transactions and business which was in loss he has started to dispose of ~~his~~ property.

(6) Government of India should, therefore, decide whether the following matters should be taken up early or otherwise-

I. on 22-1-1949 a period of six month is completed after the sale of managing agency. Hence before the expiry of this period Government should take immediate legal steps. Because after six months the previous managing agents will be relieved from the entire responsibilities of liability of the said companies.

II. Government should atonce confiscate the account books of the company and get them examined by the Government auditors.

III. Legal steps should be taken atonce against those persons whose hands are involved in the accounts of the said companies and are defaulters.

(7) I have my own deposit of Rs.42,050/- (Rupees forty two thousand and fifty only) in the Sandur Tobacco Company.

(8) In view of these facts I beg to request the Govt. of India should take legal action on the managing agents before 22-1-1949 or earlier. Otherwise if this case is delayed no action against the managing agents can be taken and they will safely escape from all the liabilities.

9) Revenue stamp is attached

Yours faithfully,

Poona

dt. 14th December 1948

Copy forwarded with Compliment to
Hon' Prime Minister Government of Madras
Madras for information and necessary
action.

Public (Poll) Dept

Rc. 5924/W1/57 27.12

Referred to the Collr
of Bellary for urgent remarks

Dy Secy

Sec
27/12/57

S/C. AR
27.12.57
Fwd. below.

Most Urgent
under Postal certificate

Home

4 / 12

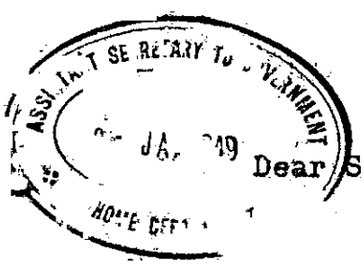
From

Chandrasen Shankarao Jadhav, Esqr.,
34/15 Erandawane, Kacharewadi,
Poona. 4.

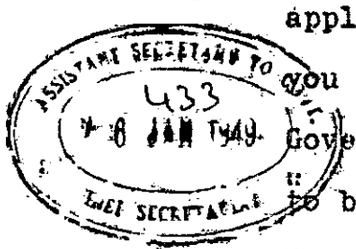
2199

To

Hon'ble Sardar Vallabhai Patel,
Home Minister, Government of India,
New Delhi.



Subject:- Forfeiture of property and legal action against M/s Rao Saheb P.I.Patil and Sampat and Co. of Yeshawantnagar, Sandur State, M.S.M.Rly. line.



Dear Sir,

I beg to invite your kind attention to my application dated the 16th December, 1948 submitted to you by register post on 16-12-1948, I had stated there Government of Indias interest involved and legal action to be launched by Government against M/s. Rao Saheb P.I. Patil (i.e M/s J.B.& Sons) who was the Managing Agent of the Sandur Tobacco Co. and Sandur Plantation Co. and M/s. Sampat and Co. (A.D.) the Managing Agents of these companies. The last date of filing a suit againstM/s. Patil (i.e. M/s J.B & Sons) is approaching fast, and I have heard nothing regarding my application referred to above from you. Will the Government take an early action in this respect ?

I have already attached court fee stamps to my application which was submitted to you on 16-12-1948. Kindly acknowledge receipt.

Home Deptt.
Pub. (Poll.). U.O.
24.1.49 AM 24-1-49 Cert 24/1/49.

Expecting an early reply.

Yours faithfully,

Poona, 4,
dated the 4th Jan.,1949.

(C.S.Jadhav.)

2199-1/49-1
24.1.49

Copy forwarded with respect to Hon'ble, Primier, Government of Madras, Madras. for favour of early action ~~xxdxxxxpiy~~.in the matter and favourable reply.

Copy of letter No.Nil dated 2-10-48 from the Managing Agent, The Sandur Tobacco Company Ltd.,Sandur to the Dt. Magistrate, Bellary.

There are two companies in Sandur, Viz., The Sandur Tobacco Co. Ltd., and the Sandur Plantation Ltd., which were floated by one Rao Sahib P.I. Patil of Sovadah with consultation and concessions of the State. After running these Companies for two years, Sri.Rao SahibP.I.Patil found that the companies had suffered tremendous loss and it was not possible for him to run both the companies any further. The position of both the companies is as under:-

2. The Sandur Tobacco Company has got a share capital to the tune of about Rs.4 lakhs and the Plantation Company has got share capital to the tune of about Rs.2/- lakhs. Over and above the share capital there is a deposit amount in the Sandur Tobacco Company to the tune of Rs.5,72,000/- and in the plantation Company the deposit amount isRs.1,15,000/-. In the Plantation Company , there is another amount ofRs.2,31,000-0-0 on the current account advanced by Rao Sahib P.I.Patil. Over and above these liabilities of the companies, both companies are in heavy debts by way of other creditors and outstanding bills. Knowing all these facts and taking for certain that it was not possible for Rao Sahib P.I. Patil to run the said two companies any further he in consultation with the State as well as the Directors was out with an offer of the Managing Agency of both the Companies to some new buyer who would come in with a fresh Capital. One Mr. Purnaik on behalf of Mr. Patil approached me (Mr. Sampat) and put before me facts and figures of the Company and asked me whether I was interested in the same bargain. After going through the balance sheets of both the companies I sent one Mr. Sethna, an Engineer of Bombay who was formerly the Engineer for the Government of India at Bombay, to assess the value of the ~~Company's~~ properties.After my receiving the report from Mr.Sethna about the valuation of the Companies, I took a chance to go to Sandur in the month of May last to see the things for myself. After going through the affairs of the Company and after getting an assurance about the various concessions which I am referring to now; from the State Representative, the then First Member of the State as well as from His Highness personally, I entered into negotiations with the former management of the Companies and with the interference of the State in the negotiations between me and the said Rao Sahib P.I.Patil, we arrived at a final settlement. A draft agreement was between me and the Company as well as between me and the said P.I.Patil was prepared and confirmed by all the directors as well as by the State. The same was unanimously passed in the Company's Board meeting on the 25th June'48. By way of procedure according to the Companies' Act we had to give three weeks notice to the Shareholders of the Company to confirm the said draft agreement and the change in the Managing Agency. The same was confirmed by the members of the Company on the 22nd July 1948 along with two representatives of the State. The understanding between me and the State by that time was that the State would agree to revise my contract with the State in connection with Sandur Tobacco Company as well as the Sandur Plantation Company and accordingly the State had to agree to give me 1000 acres of land with nominal rent and in lieu of which I had agreed to give an annual guarantee by way of Excise Duty to the tune of Rs.30,000/-. Formerly the agreement which the State had with the previous management the guarantee of Excise Duty by the Company was to the extent of one lakh of Rupees. The same was agreed upon to be reduced to 30,000/- and the question was practically settled and that was the fundamental ground upon which the transaction had taken place about the change of the Managing Agency. ~~It was this~~

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3. Before this agreement could be put in writing, the state administration was taken over on the 29th July 1948. Further this can be evident from the correspondence between the Company and the State as well as, if necessary, the matter can still be referred to the then first member of the State.

4. Coming to the point of excise duty, which is still in arrears, to be paid by the Company, we had arrangements with the State that in view of the low grade of tobacco produced by the Plantation Company and the same tobacco being unmarkettable for the paying the duty, we had requested the State to forego the Excise duty for the same. The State not being in a position to forego the Excise duty in view of their agreement with the Government of India, they had agreed to make that loss good by allowing that amount as a subsidy to the Company. Taking it for granted that the subsidy will be allowed for the same amount of excise duty the Company sold the cigarettes manufactured out of the said tobacco to the dealer without taking into consideration that excise duty at a later stage will not be allowed by way of subsidy. Correspondence in that direction has since been exchanged between the Company and the State and ultimately the favourable result allowing the subsidy to the Company was not out. My point is that the Company is financially weak and practically it has no money at present to pay any such duty. More over the Company did not charge the duty to the dealers as the matter has been explained in previous lines.

5. Coming to the point, Deposits of Rs.5,72,000/- with the Sandur Tobacco Co., I may point out, that out of this amount the State was interested by way of Rs.1/- lakh as deposit with the Company. Looking to the financial position of the Company and comparing assets and properties of the Company with the liabilities, the Company has hardly got about 18% assets of its liabilities . The valuation was assessed by representatives, who were invited, of the depositors, as well as by the expert of Bombay. After taking into consideration all the necessary amounts which were to be paid in full, the depositors were convinced that they were not in a position to get anything more than 2½ annas per rupee. After knowing this fact I had a meeting with all the depositors on various days and finally the depositors agreed to accept three annas a rupee without interest as full and final settlement of their deposit amounts. This they agreed only after they were convinced that in case the Company was to be taken into liquidation, they would not receive even that much amount. Coming to the point of the deposit of the State with the Company, I would like to state herew the agrrangement which I had formerely arrived at with the State. It was definitely stated that in case the Company was to be closed or taken into liquidation, not only the State would lose the quite a good percentage of their deposit with the Company, but the State was definitely to loose even the shares to the tune of Rs.One lakh with both the Companies Rs.50,000/- each. With this knowledge, the State had offered me to keep the entire deposit with the Company for the time being and to pay to the State the full amount without interest at some later date when the Company by that time would have sufficiently improved. In view of the several concession already given to the Company as well as by way of such concessions to be given like income-tax and such other matters, I too had agreed to keep that deposit with the Company in tact and to pay it to the State in full without interest at some later date as I was sure that with the help of the State and with the concessions which were to be allowed to me , the Company would have definitely made quite a good profit in the near future. As far as the matter stands to-day, I would still like to agree to the same arrangement and I wish that the Company should be allowed to run without any hindrance for the present.

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Now that pending settlement with the State, I am not in a position to arrive at any settlement with the depositors even though they have agreed to accept annas 3 per rupee. The reasons are that if I squire up the amount with the depositors by paying them three annas a rupee, and squire up the account of the creditors and if at that time, the state should come forward demanding their deposit of one lakh of rupees in full, my position as a man who is to run the Company will be quite critical. It will be critical because the company will not be in a position at that time to bear the further burden of Rs.one lakh. My intention is to know exactly what will be attitude of the State regarding this deposit of Rs.One lakh. I would further be anxious as to whether the State will accept my proposal to keep the deposit with me completely till some future date or whether the State will demand the amount immediately. If the state is to demand the said amount immediately, it will not be possible for the company to pay it at all and in that case it will not be possible for me to squire up the account of the depositors too. The inevitable alternative will then be left i.e., to take the Company into liquidation.

Before the disaster of liquidation is forced, the State can give a favourable consideration of this vital point. At the time of the taking possession of the Company, the Companies had practically no funds with them and with the approval of the Directors as well as of the State, the Company has already been given a loan to the tune of about Rs.1,50,000/- to meet the immediate payments of the Companies. This loan has been granted to the Company by mortgaging all the assets and properties of both the companies as a first right. According to my agreement with Rao Sahib P.I. Patil as well as with the Company, the shares worth Rs.3,00,000/- (One lakh with the Plantations and Two lakhs with the Tobacco Company) were agreed upon to be transferred to my name, which were in the name of P.I. Patil or in the name of his son. The shares to the tune of two lakhs of Rao Sahib P.I. Patil were in the custody of the State Treasury as Security against the deposit of One lakh of the State with the Company and the same were agreed upon to be handed over to me by the State as I had undertaken to run theCompany. This matter can be evident from the contract that I entered with the Company and Rao Sahib P.I. Patil and it was confirmed by the State Directors.

While concluding, I may repeat the point on the excise duty of Rs.32,000/- to be paid. You will appreciate our position that if the State would have from the very beginning not given us a promise to allow us the said amount by way of subsidy, we would have been in a position to recover the said amount either from the dealers or not manufactured the said cigarettes at all.

Now this matter I am putting for your kind consideration and I would like to arrive at some settlement with the State in this matter once for all in theinterests of all concerned.

Yours faithfully,

Sd xxxxxxxxxxxxxxxxxx

Managing Agent, Sandur Tobacco Co Ltd.
Sandur.

True Copy

18.1.1949
C.C.

Copy of D.O. letter No. Nil dated 12-1-49 from the Special Officer, in-charge of State Administration, Sandur to the Collector, Bellary.

Sub:- SANDUR STATE- Sandur Tobacco Company and Sandur Plantations Ltd - Affairs.

Your endt. M.Rel.C.No.12591/48-1, C.C. dated 6-10-48 (enclosed)

I offer below my remarks on the several statements and allegations made inthe petition of Sri. Chandrasen Shanker Rao Jadhav, forwarded to me with your endorsement:

2. The Sandur Tobacco Company, Yeshwantanagar, and the Sandur Plantations Company, Sandur, are carrying on business at present in Yeshwantanagar and Sandur respectively in the State limits under the patronage of the Sandur State.

3. The managing agency was transferred from Sri.J.B. and Sons, to Sri.A.D.Sampat & Co. on 22-7-48 with the approval of the General Body of the Share-holders.

4. The Sandur State has invested one lakh of rupees and has deposited it for a period of one year with the Sandur Tobacco Company. This deposit was made with Rao Sahib P.I.Patil who started the Sandur Tobacco Company in 1945 as a proprietory concern and he undertook to pay an interest of 9% on the deposits. The Government of Sandur provided him all facilities mentioned in para 2 of Mr. Sampat's letter. The period of one year of deposit expired on 30-5-48; but the Company have not been able to return the deposits in spite of reminders from the Sandur Government. The management have been asking for a more time to return the deposits. The Sandur State has also purchased shares to the tune of Rs.25,000/- in the Sandur Tobacco Company Ltd., and anothe Rs.25,000/- in the Sandur Plantations Ltd. The Sandur State has also given a numoer of concessions to Rao Sahib Patil for working the Company and that copy of the agreement is enclosed. These two Companies are at present enjoying the concessions granted to Rao Sahib Patil, the pioneer who started the Companies. The Directors of the new companies have not entered into any fresh agreement on the lines of Rao Sahib Patil's agreement. Presumably the companies will enjoy the concessions even after merger if the industi is allowed to flourish.

5. As regards excise duty referred to in paragraph 4, I submit that the former First Member had permitted quite against the rules - the release of tobacco without pre-payment of excise duty of Rs.32,000/- and the State had failed to collect this sum because the Company had become poor and unable to pay. I had issued a notice to say that I would take legal action for recovery I now find that there is no provision for recovering the sums as it cannot now be recovered as an arrear overdue. Some proposals to exempt tne Company from the payment of minimum duty of Rs. 1,00,000/- were made but the proposals were not approved by the Government of Sandur when we took over the administration on 29-7-48.

6. On the question of deposits, I invite your attention to the copy of the complaint from the Inspector of Police, C.Division , Poona , alleging that Rao Sahib P.I. Patil has cheated the complainant to the extent of Rs.85,000/- which was deposited in the Sandur Tobacco Company and the statement of Sri.A.D.Sampat , enclosed to the report of the Sub-Inspector of Sandur. In his statement ,Sri.A.D.Sampat has said that the deposits of the complainant were not found in the books of the Sandur Tobacco Company Ltd. I inspected the deposit accounts of the Company

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Company and found that theGovernment's deposit was entered in them along with other accounts.

7. Since the transfer on 22-7-48 of the Joint stock Company to the managing agency of Sri.A.D.Sampat & Co. Messrs Sampat and the other directors have been meeting very often and persuading the depositors to receive a per centage of the deposits in full satisfaction of their investments, and so far nothing has happened. The depositors have not come to any settlement with the present managing director Mr. K.Sampat. On 4-9-48, Sri.A.D.Sampat and Co., held a meeting of the managing directors at Bombay to consider how best the deposits could be repaid. They sent me a notice and invited two representatives on behalf of the depositors to settle the management for the return of deposits. On this point I consulted the State Vakil Sri.D.S.Hanumantha Rao to advise me how the situation can be managed, because I could not possibly represent the State's interests adequately at the directors' meeting. The State Vakil suggested that a letter may be sent to the managing agency informing them that any decision arrived at by the directors in Bombay will not be binding on the Sandur Government, and that the meeting may be adjourned to the 11th September 1948. The managing agents were informed accordingly. On the 11th September '48 however, the general body did not transact any business. so far they have not come to any conclusion about the return of the deposits of one lakh of rupees to the State.

8. A meeting was held on 18-9-48 when the GeneralBody adopted the balance sheet for the period ending 31-3-48. I submit a printed copy of the balance sheet.

9. In the present political situation, it is not possible to give him any assurance; Sampats' suggestion of an arrangement with the State refers to a period before the Indian Union took over the State on 29-7-48,and informal assurances by the Officers in power at that time. However, as it is undesirable to break up an industry, it should be possible to consider the terms offered by Mr.Sampat provided he deposits with the Government, Government securities to cover the investments by the State . Mr. Sampat agreed to this verbally, on 2-10-48, but he has not so far implemented his above verbal undertaking.

B/

Yours Faithfully,

Sd. T.K.Jayarama Iyer,

Spl.Officer, Sandur.

(True Copy)

An Agreement made and entered into this 11th day of August 1945 between the State of Sandur (hereinafter called "the State") of the one part and Rao Saheb Premchand Ichharam Patil of Bombay and Savda Hindu Inhabitant carrying on or intending to carry on business of Cigarette Factory at Sandur under the name and style of the Sandur Tobacco Company (hereinafter unless otherwise designated called "The Manufacturer " which expression shall unless excluded by or repugnat to the context thereof mean and include the said Rao Saheb Premchand Ichharam Patil and his heirs being of the said Sandur Tobacco Company and their or his successors and assigns) of the other part whereas the Manufacturer is desirous of starting and opening a Cigarette Factory in the Sandur State and has requested the State to allow him to open and start such Cigarette Factory in the said State And Whereas the State has agreed to allow the Manufacturer to build and start the said Factory for the manufacture of cigarettes in the State and has agreed to grant him a sole and exclusivemonopoly for the period of twenty five years certain from the date of starting of the said factory for the manufacture of cigarette upon the terms and conditions hereinafter set out Now It Is Hereby mutually agreed by and between the parties as follows:-

1. The State grant to the Manufacturer a sole and exclusive monopoly for the Cigarette Factory for a period of 25 years certain from the starting of the said factory at Sandur in the Sandur State.

2. The manufacturer shall build and open a cigarette factory in the Sandur Stateso that the said factory should start functioning within a yar from 12th July 1945

3. The State shall lease and allot to the manufacturer or otherwise make available for him approximately 1000 (one thousand) acres of land selected by the manufacturer for cultivation of tobacco for the purposes of the said factory dufing the period of the monopoly.

4. The Manufacturer shall pay assessment at 8 annas per acre on and in respect of the said lands leased or allotted to the manufacturer for the clutivation of tobacco as aforesaid and at the rate of Rs. 1/- per acre after the expiry of the first five years.

5. In addition to the said lands for the cultivation of tobacco the Manufacturer shall purchase from the State and the State shall provide to the Manufacturer the necessary land to the extent of about 15 acres required for the site of the factory. The manufacturer shall pay for all such land purchased by him from the State as aforesaid and the State shall not acquire the said land on any account during the continuance of the working of the Cigarette Factory.

6. The Manufacturer shall pay for the said land, building material and all forest produce required for the Factory at 5 % less than the rates in force in the State from time to time.

7. The Manufacturer will be liable to pay income tax according to the rates in force in the Sandur State as on the 12th day of July 1945.

8. The Manufacturer shall be liable to pay to the State Excise duty at the rates in force in the State from time to time and shall pay to the Sandur Government an amount of not less than Rupees One Lakh (Rs. 1,00,000) every year commencing from the third year after the 12th day of July 1945. towards the Excise duty due and payable by him as aforesaid during the continuance of this agreement.

9. The Manufacturer shall not do anything which will affect the valuable forests of the State.

10. The Manufacturer shall be at liberty to take a partner or partners with him in the said Factory or to float a limited Company either private or Public to work the Cigarette Factory and to transfer and to assign the Cigarette Factory and its business together with the Concessions to such private or Public limited Company on the following conditions, viz.

(a) The Company shall be incorporated and registered in the Sandur State according to the law in force in the State.

(b) The Company shall take a nominee of the Sandur Government on its Directorate.

(C) The Company shall reserve a certain number of shares as may be desired by the Sandur Government for the Sandur Government and the Citizens of the State.

(d) The name of the Company shall be "THE SANDUR TOBACCO COMPANY LIMITED".

11. Save and except as provided above the Manufacturer shall be amenable to all laws in force in the Sandur State from time to time

IN WITNESS WHEREOF the parties hereto have hereunto set their respective hands and seales the day and year first herein-above written.

SIGNED SEALED AND DELIVERED)
FOR AND ON BEHALF OF THE)
STATE AND GOVERNMENT OF) Sd. K. Gundu Rao,
SANDUR IN THE PRESENCE OF) Chief Secretary to Government,
) Sandur State.

Sd. R.K.Karnik.

Sd. Bapan S Mirje.

SIGNED SEALED AND DELIVERED
BY THE WITHINNAMED RAO SAHEB- Sd. Rao Saheb Premchand
PREMCHAND ICHHARAM PATIL IN Ichharam Patil.
THE PRESENCE OF

Sd. R.K. Karnik.

Sd. Bapan S.Mirje.

/ True copy /

21

R.C.No. 12591/48-2.C.C. Dated. 16-1-49.

From K.N.Anantaraman Esq.,I.C.S.,
Collector, Bellary.

To The Chief Secretary to Government,
Fort St.George, Madras.

Sir,

Sub:- SANDUR STATE SANDUR - Tobacco Company and Sandur Plantation Co., Affairs.

(i) Petition dated 16-12-48 from Sri. Chandrasen Shankarrao Jadhav,34/15 Erandwana,Kacharewadi, Poona - 4. pp 1-5 alone

(ii) Govt.Endt. No.5920/48-1,Public (Political) Department dated 28-xii-48. p 6 alone

I have forwarded the petition of Sri.Chandrasen Jadhav communicated with the Government endorsement, cited above, to the Special Officer, in charge of Administration,Sandur, for a detailed report. A copy of his report is enclosed.

pp 27-29 alone

I also invite the attention of the Government to the Memorandum submitted to me by the Managing Agent of the Sandur Tobacco Company (copy submitted separately with my R.C.No. 532/49 C.C.,dated 16-1-49.)

pp 11-12 and pp 1-10 and

Under the present circumstances, it is not possible to decide anything about the company's intentions or malpractices as alleged by the petitioner.

p 7 and

I suggest that the Government may make arrangemtns with the Co-operative department or by the employment of an Inspector under Section 138 of the Companies Act , to scrutinise in detail the past and the present affairs of the company and arrive at conclusions on the recomendations of the enquiriing Officer. Such detailed investigation is all the more necessary as the Sandur State holds more than 1/10th of the subscribed capital and as the financial position of the Company is reported o be precarious

Sandur

The petition from Sri. Chandrasen of Poona communicated with the Government Endorsement cited above, a copy of the report of the Special Officer dated 12-1-49 and all the enclosures to his report are herewith submitted for the consideration of the Government.

p 6 alone

pp 27-29 alone

Collector,Bellary.

17/1/49

Copy

Letter from S.G.Mandre & Co., Incorporated Accountants and Auditors (London) Ram Mansion, Nowroji Pardunji Road, Near Taj Mhal Hotel, Fort, Bombay to the Registrar of Joint Stock Co., Sandur.

Dear Sir,

REF: 1) The Sandur Tobacco Co.,Ltd., and
2) The Sandur Plantations Limited.

This is to inform you that the Balance Sheet filed,by the Management of the Sandur Tobacco Co.,Ltd., situated at Yeswantnagar is FALSE since they have failed to file the " SEPARATE REPORT" mentioned in our Report to the Share holders dated 19th July 1948 in Bombay.

Number two:- The appointment of Messrs. B.M.Mehta & Co as Auditors of the Sandur Tobacco Company Ltd., is illegal in as much as the provisions of Section 144, sub-section 6 of the Companies Act AND the respective Article mentioned in the Memorandum and Articles of Association of the COMPANY have been Grossly violated. The appointment of Messrs. B.M.Mehta & Co., as Auditors of the Company in our place is therefore NULL AND VOID. FURTHER the New Managing Agents have done the illegal act of appointing Messrs. B.M.Mehta & Co., to RE-EXAMINE the accounts for the period ending 31st March 1948. This is WHOLESALE ILLEGAL. And we have to request you to refuse to file any such Balance Sheet sought to be filed hereafter for the old period (since only the Balance Sheet reported upon by us is legal and can be filed with you

Number three:- We have to point out to you that the appointment of Messrs. A.D. Sampat & Co., is illegal and void. Further the appointment of the four more directors Co-opted by Messrs. A.D. Sampat & Co., is also illegal and void,since they hold no qualification shares. This is because A.D. Sampat & Co., have not paid the Consideration that out to have been paid on the transfer of the Managing Agency And the Shares in theCompany. The Board of Directors is an illegal body for the above reason; and any shares sought to be ALLOTTED TO THEM AND Confirmed by themselves (an illegal body) is null and void.

As for the Sandur plantations Limited we were duly and legally elected and appointed as its Auditors by the General Meeting of the Company held in January 1948. Messrs. A.D. Sampat & Co., have recklessly sought to get them in Messrs.B.M. Mehta & Co., their stoogies as the Auditors of the Sandur Plantations Ltd., This is clearly ILLEGAL. We have therefore to request you

1). to refuse to register the names of Messrs.B.M.Mehta and Co.,.as the Auditors of this Company, and
2). refuse to file the Balance Sheet of this Company if its accounts are audited by Mehta and Co., and reported on by them.

As you are aware, the Sandur Government has lent Rupees One Lakh to the Sandur Tobacco Company Ltd., AND the Sandur Government holds shares in Both the companies besides other things of which you are aware. We would therefore request you to keep a strict watch over the activities of these two companies through your own office and by contacting other executives of the State.

We have to request you to treat this as " Strictly Private and Confidential " since the new Managing Agents Messrs.A.D. Sampat & Co., are wiriting threatening letters and levying black-mail on the Creditors and directors of the Company to suit their nefarious purpose.We are sure you can and will make INDEPENDENT enquiries regarding the above; and then act on your own initiative.

Thanking you in anticipation,

We remain,
Yours faithfully
Sd. S.M. Mandre.

True copy

Bailiff

cc.

24 ojc

To
The Inspector of Police.,
Sandur.

Sir,

I have the honour to inform you that one Mr. L.V.Manke of Poona, has lodged the complaint of cheating at this Police station, at Cr.No.476 of 1948. The contention of the complaint is that the Managing Director Rao Saheb P.I.Patil had cheated the complainant to the extent of Rs.85,000/- and perusuaded him to deposit him the money in Sandur Tobacco Company, which he posed to be the sole proprietory concern at Sandur.The following are the deposits in the Co.

	RECEIPT NO.	Dep. Name.	Date of deposit.	Amount.	Period for deposit.
(1)	87	Mr.L.V.Manke	1-7-47	Rs.2500-0-0	One month.
(2)	88	-do-	"	10,000-0-0	Three months
(3)	89	-do-	"	8,000-0-0	Six months
(4)	90	-do-	"	5,000-0-0	One year
(5)	92	Mr.R.A.Manke& Mr. Y.A.Manke	"	12,000-0-0	Six months
(6)	99	-do-	"	2,000-0-0	One year
(7)	100	-do-	"	3,000-0-0	One year
(8)	95	-Mrs.V.A.Manke & Mrs Manke	"	35,000-0-0	One year
(9)	97	-do-	"	2,000-0-0	One year
10)	98	Mr.V.A.Manke	"	5,000-0-0	One year
11)	93	Mrs. KamalabaiManke	"	11,000-0-0	Ten months.
12)	96	Mr.V.A.Manke & Mrs. Manke.	"	25,00-0-0	One year
13)	94	Mr. M.A. Manke	"	500-0-0	One year
14)	91	Mr. R.A.Manke & Mr. Y.A.Manke	"	12,000-0-0	Four months.

These deposits were made by the complainant and other members of his family as they were persuaded and decived by the proprietor Rao Saheb Patil.

The complainant when demanded the money Rao Saheb Patil gave Cheques which were dishonoured for the want of credit in the Banks. I would like to request you to make necessary enquiries in the matter on the following points:-

1).The function of the Company
2). The status of the Company.
3) The present position of the company, whether it is limited concern or proprietory concern.
4).The names and addresses of the Proprietor of Proprietoress.

5). If Limited concern then names of the Manaing Directors,or body responsible for runing the company.

6). Present relatin of Rao Saheb Patil and his responsibility with the Company.

7). What are the entries of the deposits in theCompany's accounts.

8). What has the present body to say about these deposits and their liabilities.

It is requested that you may please obtain the statement of Managing Director or responsible men about the above mentioned points and deposits.

This information about the said Company is very urgently required so early reply is solicited. Sr.Sub-InspectorPolice

Letter from the Sandur Tobacco Co., Ltd., Yeswantnagar dated 3rd November 1948 to the Inspector of Police, Sandur.

Sir,

With reference to the query from sent by you in connection with Rao Saheb P.I.Patil, the proprietor of the Sandur Tobacco Co., and his commitments in respect of certain deposits receipts issued by him to Mr. L.V. Manke and the members of his family, to the tune of Rs.85,000/- in the month of July 1947, I have the honour to reply as under:-

For your ready reference I may state here that the proprietory concern which was started under the name of the Sandur Tobacco Company came into existence somewhere in the middle of the year 1945. At that time Rao Saheb P.I.Patil was the only proprietory of the said concern. Like other business firms he used to receive deposits in the name of the Company under his personal responsibilities. Subsequently the said Rao Saheb P.I.Patil floated a public limited concern under the name Sandur Tobacco Company limited and the same was registered on 11th August 1945. A sanction for raising the Capital under the rule 94-A of the Defenne of India Rules which were in force in Sandur State, was given to the said Sandur Tobacco Company Limited. On the 12th August 1945, The Company got its commencement Certificate to transact business on the 6th September'46.

The Sandur Tobacco Company as a proprietory concern was carrying on its business from its very inception upto the date 21st January 1947. The said proprietory concern prepared its Balance Sheet upto 31st August 1946. The Balance-sheet upto 31st August '46 was transferred to the Sandur Tobacco Co. Ltd., a public limited concern, under the authority of the Directors of the Company.The actual charge was handed over to the public limited concern on the 21st January 1947, with the understanding that the liabilities and assets of the Company as shown in the last Balance-sheet of the proprietory concern dated 31st August 1946 together with its dealings between the period 1st September 1946 and 21st January 1947 were automatically transferred to the Sandur Tobacco Company Limited., a public limited conern.

Mr. V.S.Lad, one of the Directors of the Company as also the State Director were authorised to take charge of the Company on behalf of the public limited Company from Rao Saheb P.I.Patil, the proprietor of the Sandur Tobacco Co., by the directors of the Company on the 6th January 1946 and the said resolution was subsequently confirmed by the directors of the Company on 27th August 1947. Accordingly Mr.V.S.Lad and the State Director took charge of the said proprietory concern and handed over the same to the Sandur Tobacco Company Ltd., the public limited concern on the 21st January 1947. In short, there is no existence of the proprietory concern since 21st January 1947. Therefore the question of its present position, status and function does not arise at all.

Similarly since there is no existence of the said proprietory concern the question of the address of its proprietor or partners does not come up

The name of the Managing agent of the present limited concern by the name of theSandur Tobacco Company Ltd., is Mr.A.D. Sampat who is responsible to the running of the Company for the present.

The present relation of Rao Saheb P.I.Patil, with the present limited Company is by way of that he is a director of the Company. That too he has already tendered his resignation which is lying pending with the company.

Regarding the entries of the deposit receipts in favour of Mr. Manke and his family members, I have to say that there are no such entries in our books and we have nothing to do with any such commitments of Rao Saheb P.I.Patil to Mr. Manke and his family.

Rao Saheb P.I. Patil was the Managing Agent of the public limited Company and the said Manaing Agency he transferred to me by an agreement which was sanctioned ~~mm~~ by the directors of the Company on 25th June 1948 and the same was confirmed by an Ex-tra-ordinary General Meeting of the Company on 22nd July 1948. Since that time I am in charge of this Company and accordingly I repeat that the Company (The Sandur Tobacco Co.Ltd.) does not acknowledge its responsibilities whatsoever in connection with such receipts as alleged to have been ~~p~~ issued by Rao Saheb P.I.Patil in the name of the proprietory concern on the 1st July 1947.

I hope the above informations will meet your queries and if you want any further information, the same I will be too glad to supply you on hearing from you.

Yours faithfully,
Sd. Illegible.

(True Copy)

Sec 1316 Dept

C.F. 73. 6,51,289—4-11-49. DEPARTMENT.

Paper taken out of the Records from the charge of the keeperer,

Press Miscellaneous No. ____, dated 31.3.19 50

Routine.

Date taken out.	For what purpose. Department.	C. No.	Year.	Initials of clerk taking the paper or of attender.	Date returned.	Initials of attender.
31.8.50	Dept	8210				
8.11.52	Dept	653582	52			

Copy of D.O. Secret dated 12-1-49 from the Special Officer, in-charge of the State Administration, Sandur to the Collector, Bellary.

Sub:-SANDUR STATE- Sandur Tobacco Company and Sandur Plantations Ltd — Affairs.

Your Endt.N.Rev.C.No.12591/48-1 C.C. d.28-12-48.

I offer below my remarks on the several statements and allegations made in the petition of Sri. Chandrasen Shanker Rao Jadhav, forwarded to me with your Endorsement.

2 Paragraphs 1 to 7:- The Sandur Tobacco Company, Yeshwantnagar and the Sandur Plantations Company, Sandur, are carrying on business at present in Yeshwantnagar and Sandur respectively in the State limits under the patronage of the Sandur State who welcomed the establishment of the industry in the State.

3 The managing agency of both companies was transferred from Sri.J.B.& Sons to Sri.A.D.Sampat & Co. on 22-7-48 after approval by the General Body Meeting of Shareholders as they were apprehensive that J.B.& Sons could not fulfil the obligations and liability entered into by Rao Saheb P.I.Patil.

4 The Sandur State invested one lakh of rupees as deposits with Rao Sahib P.I. Patil who started the Sandur Tobacco Company in 1945 as a proprietory concern. The deposit is now transferred to the Joint Stock Companies viz., The Sandur Tobacco Company Ltd. floated in 1948 and registered with the Sandur Government on 16-4-48 and The First Member to Sandur Government (Member for Industries) was a director on behalf of the Government

5 The Government of Sandur provided all facilities for the establishment of the company. The period of the deposit expired on 30-5-48, but the Company has not been able to return the deposits in spite of the reminders from the Sandur Government. The Company has been asking for a more time to return the deposits.

6 The Sandur State has purchased shares to the tune of Rs. 25,000/- in the Sandur Tobacco Company Ltd., and another Rs. 25,000/- in the Sandur Plantations Limited. The Sandur State has also given a number of concerns to Rao Sahib P.I.Patil for working the Company and copy of that agreement is enclosed. These two companies are at present enjoying the concessions granted to Rao Sahib P.I. Patil, the pioneer who started the Sandur Tobacco Co. though the directors of the new companies have not entered into any fresh agreement on the lines of Rao Sahib Patil's agreement. Presumbaly, the copanies will enjoy the concession even after merger and it is desirable that they are allowed to do so in the interests of the Tobacco industry.

7. It is possible that investors were led away by the fact that the Government of Sandur had invested a lakh of rupees in both the companies.

8. The relations between the two partners of J.B.& Sons is not known and is not found in the records.

9 Paragraph 8:- Rao Sahib P.I.Patil has promised to repay a return of 9% and it is on that assurance that the State as well as other depositors made their investments, but after two years of working he found that both the companies were heavily in debt and that he could not manage any longer to run the said two companies, and therefore he sold them away to Sri.A.D. Sampat who was also a director of the Sandur Tobacco Company.

10. These matters are not apparent and it is not possible for me at this stage to verify or even to investigate whether Rao Saheb Patil and Sri.A.D.Sampat conspired to do the acts alleged in

alleged in sub-paragraphs (a) to (k) of para 8. It appears to be necessary to institute regular enquiries for investigating the offences under the Companies Act or the Indian Penal Code. I understand that the several depositers at Poona have lodged criminal complaints to the Police and the matters are under investigation by the Poona Police.

11 I submit a copy of the memorandum received from the Poona Police, and the statement of the Managing Director Sri.A.D. Sampat dated 3-11-48. As regards the suggestions made in paras 6,7 and 8 of the petition, I have consulted the Registrar of Joint Stock Companies (Sandur State). He is of the opinion that as the complainants do not hold 1/10th of the shares issued by the Company , that he could take no action under Section 137 (2) of the Mysore Companies Act which is the Company Law in force in Sandur State, and that the only way would be to appoint an Inspector of Companies under Section 138 of the Companies Act in force in the State to investigate the affairs of the Company.

12 The material put forth in the petition is not sufficient evidence and an enquiry by Inspectors under Section 138 is not warranted in the event of the complainant not furhishing sufficient evidence or not depositing a security under section 139 before ordering an investigation. The Registrar of Joint Stock Companies has power under section 137 of the Companies Act to call for any information or explanation, but he has no powers to investigate the affairs of the comapany. Investigation has to be done only by an Inspector appointed by Government under Section 138 of the Companies Act. If after information or explanation furnished, the Registrar thinks that the affairs of the Company are unsatisfactory, he has to report to Government suggesting detailed investigation. In view of this position, it is desirable to appoint an Inspector under theCompanies Act to investigate thoroughly the affairs of the Company and to report whether any action is called for as Government of Sandur hold more than 1/10th of the subscribed capital.

13 I have also received another petition from F.G.Mandrey and Co. dated 28-12-48 (copy enclosed) alleging that the directors of the Company grossly violated the provision of the Company Law and that the Body of Directors is an illegal body.

14 The General Secretary, who is the Registrar of Joint Stock Companies, states that action under Section 137 is the only remedy. He has called for particulars under Section 137(6).

15 In this connection, I enclose a copy of the complaint from the Inspector of Police, C.Division, Poona , alleging that Rao Sahib P.I.Patil has cheated the complainant to the extent of Rs. 85,000/- which was deposited in the Sandur Tobacco Company, and the statement of Sri.A.D.Sampat to the report of the Sub.-Inspector of Sandur. In his statement, Sri.A.D.Sampat has said that the deposits of the complainant were not found in the books of the Sandur Tobacco Company Limited.

16 Since the transfer on 22-7-48 of the Joint Stock Companies to the Managing Agency of Sri.A.D. Sampat & Co., Messrs Sampat and the other directors have been meeting very often and persuading the depositors et to receive a percentage of the deposits in full satisfadtion of their investments and so far nothing has happened. The depositors have not come to any settlement with the present Managing Director Mr. A.D.Sampat. On 4-9-48, Sri.A.D.Sampat & Co held a meeting of the Managing Directors at Bombay to consider how best the deposits could be repaid . They sent me a notice and invited two representatives on behalf of the depositors to settle with the management for the return of deposits. On this point, I consulted the State Vakil Sri.D.S.Hanumantha Rao to advise me how the situation can be managed, because I could not possibly represent in the State's interests adequately at the Director's Meeting. The

The State Vakil suggested that a letter may be sent to the Managing Agency informing them that any decision arrived at by the directors in Bombay will not be binding on the Sandur Government, and that the meeting may be adjourned to 11th September 1948. The Managing Agents were informed accordingly. The Board of Directors however met at Bombay and discussed the point on 4-11-48. A copy of the minutes of that meeting is enclosed. On the 11th September, however, the General Body did not meet, but it met on 18-9-48 and the transacted other business, but so far they have not come to any conclusion about the return of the Government's fixed deposits which was due to be returned to the State on 30-5-48. A copy of the minutes of the meeting held on 18-9-48 is enclosed. On 2-10-48, Mr.Sampat met the Collector, Bellary and submitted a memorandum on the subject. In the memorandum, he admitted that one lakh of rupees of deposit was invested by the State in the Company, and that the Company had hardly 18% of the assets and that it was not possible to return more than 2½ annas in the rupee, and however he had agreed to keep in tact the State's deposits because the previous administration had offered to keep the entire deposits of theCompany including the share capital for some time and had consented to take payment of the full amount without interest at some later date, when perhaps the Company would have sufficiently improvd its financial condition. He also confirmed that he would like to agree to the same arrangement now provided the Company is allowed to run without hindrance for the present. He had therefore requested in his memorandum that the State should give a favourable consideration in the matter of its deposits.

(B)

pp 11-13 above

17. In the present political situation, it is not possible to give him any assurance . All the arrangements with the State refers to a period before the Indian Union took over the State on 29-7-48 and informal or oral assurances by the Officers in power at that time. However, as it is undesirable to break up an industry, it should be possible to consider the terms offered by Mr.Sampat provided he deposited with this Government, government securities to cover the investments by the State. Mr. Sampat agreed to this verbally, on 2-10-48, but he has not so far implemented his above verbal undertaking.

Yours faithfully,
Sd. T.K. Jayaram Iyer,
Spl.Officer, Sandur.

(True Copy).

Most Urgent

Per

Poona.

Dated 22nd January, 1949.

8719

HON'BLE ... GOVERNMENT OF MADRAS
25 JAN 1949
... 25 JAN 1949

From

Chandrasen Shankarrao Jadhav, Esqr.
34/15, Erandwana Kacharewadi,
P o o n a . 4 .

To

The Collector
Bellari District, Madras Province,
B e l l a r i .

Subject:- Deposit in Sandur Tobacco Company, Ltd. Yashawantnagar.

Sir,

It is understood that Sandur State is under your administration , I have the honour to point out that there are two companies in Sandur state viz. The Sandur Tobacco Company Ltd. Yashawanthagar Sandur State, and the Sandur Plantation Co. Sandur . In these companies Sandur State i.e. Sandur Government has invested Rs. 1,00,000/- as a deposit in Sandur Tobacco Co. Ltd. and Rs. 40,000/- as shares of the Same Co. and Rs. 28,000/- as shares of the Sandur Plantation Co. Ltd. Sandur. These companies are under the protection of the Sandur Govt. I therefore request you that these companies are working under the Management of M/s. A.D.Sampat & Co. and they are not disbursing the amount of interest due on the deposits of the creditors of the companies since one and half years, but it is understood from a reliable source that both companies are working in full swing. So kindly let me know what action you are taking in the matter as the deposit of the Sandur Government is invested in both the companies.

2. M/s. A.D.Sampat & Co. is informing to all the depositors that they should accept annas six in a rupee, as the companies are not in a position to distribute all the amounts of the creditors in full amount. Again they informs us orally that the Sandur Govt. is also prepared to accept the amount which is calculated at annas six in a rupee. Kindly also give your openion on these points because I am also one of the creditors of the Sandur Tobacco Co. Ltd.

Early action in the matter is requested.

Waiting for your reply.

Yours faithfully

Copy forwarded with compliments to Hon'ble Prime Minister Govt of Madras Madras for information & further orders.

2158

Dated 22-1-1949

2818

Dev. Dept.

The petition as per above is only a copy of the one addressed to the Collector of Bellary. No action seems called for on this. May be lodged. ~~For orders whether a reply may be called for pl. see~~

26.1.49 27/1/49 28/1/49

Re. 1

With reference to the orders above, it is submitted that an earlier petition dated 16.12.48 from Sri Chandrasen Shakarrao Jadhav, Poona 1 was received in Public (Pol.) and that Dept. had obtained the remarks of the Collector of Bellary on the representations made therein. The file has been sent to this Dept. for remarks on the suggestion of the Collector of Bellary to spare the services of a Senior Inspector of co-operative Societies to scrutinise the accounts of the Sandur Tobacco Co. and the Sandur Plantation Co. ~~for the years [illegible] on the [illegible] to which the Collector of Bellary is addressed.~~ For orders whether the file may be transferred to Public (Pol.) which is dealing with the subject in extenso.

1.2.49 1/2/49. 1-2-49 Public (Pol.)

Dev. Dept. No. 2818-K/49-1 dt.

SECRETARIAT TO GOVT. 688 Madras 1949 CHIEF SECRETARIAT

Public (Poll) deptt

I

By Air Mail Express Lr No. 5920/48-3 d 5.2.49

Confidential.

To the Secy. to the Govt. of India,

Ministry of States, New Delhi (with enclosures)

Sir,

Sub: States- Sandur- Sandur Tobacco Company and Sandur Plantation Company.

I am directed to enclose a copy of a petition received from one Sri Chandrasen Shankarrao Jadhav of Poona regarding the affairs of the Sandur Tobacco Company, Yeshwantnagar and of the Sandur Plantation Company, Sandur. The petitioner seems to have addressed the Ministry of States direct and it is not known whether the Govt. of India have taken or propose to take any action on this representation. The copy received by this Govt. was forwarded to the Collector of Bellary and a copy of his report is enclosed together with a copy of the report of the Special Officer in charge of the administration of Sandur. I am directed to ask for the instructions of the Govt. of India as to the course of action to be taken in the matter.

5.2.49.

5.2.49

II

Memo No. 5920/48-4 d. 5.2.49

Sub: States- Sandur- Sandur Tobacco Company and Sandur Plantation Company.

A copy of a petition received from one Sri Chandrasen Shankarrao Jadhav of Poona regarding the affairs of the Sandur Tobacco Company and the Sandur Plantation Company together with a copy each of the reports from the Collector of Bellary and the Special Officer in charge of the administration of Sandur is

#/34

communicated to the R.J.S.C. and he is requested to offer his detailed remarks on the suggestion of the Collector in the penultimate para of his letter No.12591/48-2 CG dated 16-1-49 regarding the scrutiny of the accountsof the Companies. A very early reply is requested.

S.2.49

AR
S.2.49

Neither the appointment of an Inspector under section 138 of the Indian Cos's Act, 1913, nor the deputation of an officer of the companies dept. to investigate into the affairs of the two companies in question which are registered under the Sandur Cos's Act is statutorily possible. There however, seems to be no objn to sparing the services of an

To the R.J.S.C.Madras
(with enclos)

Dpty C.S. I/c Cyclostyle I.S.C.t

officer of the Com[pany] Deputed R.J.S.C. Bellary for enquiring into the affairs of the two companies.

Ambant

I.

35

Public (Pols) Dept.

2nd draft

Typed 6/3/49 L/8/49 4/3

Lr no. 5920/48-5 d. 4-3-49

To the Secy. to the Govt. of India,
Ministry of States, New Delhi.

Sir

Sub: States - Sandur - Sandur Tobacco Company and Sandur Plantation Company.

Ref: This Govt's Lr no 5920/48-3 Pub (Pol) d 5-2-49.

I am directed to enquire when a reply to this Govt's letter cited may be expected.

1.3.49.

AC
3.3.49

P TO P 4: L

Confidential.

37.

Companies DEPARTMENT.

In reply, please quote number, date and short title.*

Received *Registered*

ASSISTANT SECRETARY TO GOVT. 4 MAR 1949 1375 CHIEF SECRETARIAT

ASSISTANT SECRETARY TO GOVT. 4 MAR 1949 CHIEF SECRETARIAT

(Name) Sri P.Krishnamurti,

(Designation) Registrar of Joint Stock Cos.,

Post Box ____, MADRAS.

Telegraphic Address ____

The Chief Secretary to Government,
Public (Political) Department,
Fort St.George.

ConfdlNo. 7/49, *dated* 2-3-1949. ~~194--~~.

Sir,

* Sub: States - Sandur - Sandur Tobacco Co.,Ltd., and Sandur Plantation Co.,Ltd.

ENCLOSURES nil.

Ref: Memorandum No. 20/48-4,Public (Political)dated 5-2-1949.

pt 34-34

SPARE COPIES Nil.

In the above memorandum Government have observed that "there seems to be no objection to sparing the services of a suitable officer of the Companies Department (Assistant Registrar of Joint Stock Companies,Bellary) for enquiring into the affairs of the two Companies. (Sandur Tobacco Co.,Ltd., and Sandur Plantation Co.,Ltd.) I submit that the Registrar of Assurances, Bellary, is ex-officio the Assistant Registrar of Joint Stock Companies within his jurisdiction, his main duties being the administration of the Indian Registration Act. The work of enquiring into the affairs of the - -

p.t.o.

38

Companies is of a technical nature requiring good knowledge of commercial accounts. It is also expected that the volume of work involved is large. The Asst.Registrar has no experience of such work. In my opinion, the work may be entrusted to a - - practising accountant who is enrolled on the Register of Accountants and who has experience of investigating into the affairs of Companies, the cost of the work being met by the petitioner who should be asked to deposit in advance a sum which will cover the cost of the investigation.

msd.2.3.

for Registrar.

Public Loans Deptt.

pp. 37-38 above Submitted for perusal. The govt. of India's reply to the letter on p. 33 above may be awaited.

p. 35 ante: They were reminded on 4.3.49.

9.3.49. 9.3.49 10.3.49

BY AIR MAIL 39

No.D.1326-P/49.

GOVERNMENT OF INDIA

MINISTRY OF STATES

From

The Deputy Secretary to the Government of India,
Ministry of States.

To

The Chief Secretary to the Government of Madras,
MADRAS.

Dated New Delhi, ~~the~~ 10th March 1949.

Subject:- Affairs of the Sandur Tobacco Company and the Sandur Plantation Company.

Sir,

I am directed to refer to your letter No.5920/48-S, dated the 5th February, 1949 on the above subject and to request that arrangements may kindly be made by the Provincial Government to institute an enquiry into the past and present affairs of the Companies under the provisions of the relevant State Law and the Enquiry Report forwarded to this Ministry as soon as possible.

Yours faithfully,

Deputy Secretary to the
Government of India.

P.N./

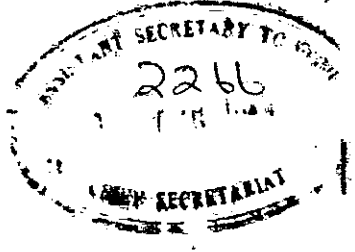
41

R.C.No.532/49 C.C. Dated. 7.4.49.

From Sri.A.Surya Rao Naidu, B.A.,
T.D.C., Bellary - Collector incharge.

To The CHIEF SECRETARY TO GOVERNMENT,
PUBLIC (POLITICAL) DEPARTMENT
FORT ST.GEORGE, MADRAS.

Sir,



Sub:- States - Sandur State - The Sandur Tobacco Company Ltd., Sandur - Interests of the State - Settlement of

---

Ref:- This Office R.C.532/49-1 C.C. dated 16.1.49.
Govt.Endt.No.5920/48-6, dated 3.3.49.
" " " " " "

I invite Government's attention to the references quoted above and request orders,

TREASURY DEPUTY COLLECTOR
BELLARY INCHARGE.

2 Drafts

I.

43

Public (Poll) deptt.

Memo No. 592/48-9 d. 7.4.49

States- Sandur- Sandur Tobacco Company and Sandur Plantation Company- Particulars

Ref: From the Collr. of Bellary No. 532/49 CC d. 16-1-49 12591/48-2

In the balance sheet of the Sandur Tobacco Company Ltd ~~as at~~ (for the period ending) 31-3-48 it is reported that the ~~issued share~~ issued capital of the Company is Rs.5,00,000. But in his letter dated 2-10-48 to the Collector of Bellary the Managing Agent to the Company has stated that the Tobacco Company has got a share capital to the tune of Rs.4,00,000 and that the SandurPlantation Company has got a share capital to the tune of Rs.2,00,000. The Collector of Bellary is requested to ascertain and report the ~~exact~~ "exact" issued share capital of each of the two companies.

Apparently the Managing Agent refers to the Subscribed Share capital of the two Companies.

To the Collr. of Bellary.

25.3.49.

27.3.49

P.T.O. for draft B

43

Public (Poll) deptt.

Memo No. 5929/48-10 d. 7.4.49

States- Sandur- Sandur Tobacco Company and the Sandur Plantation Company-

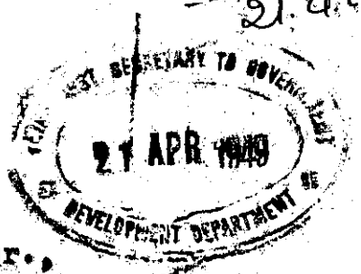
Ref: Correspondence resting with the letter from the R.J.S.C. No.7/49 dated 2-3-49

The R.J.S.C., Madras is requested to submit a panel of ~~the~~ names of three registered accountants ~~with~~ into who have experience of investigating the affairs of of the Companies so that Govt. may choose a suitable accountant for appointment as Inspector to investigate into the affairs of the Sandur Tobacco Company and the Sandur Plantation Company. He is also requested to report the remuneration required by each ~~of~~ and the total cost, including all expenses of, and incidental to, the investigation.

To the R.J.S.C. Madras.

NOTICE

12027
21.4.49



By registered post.

From:

C. ... Jadhav, Esqr.,
34/15 Erandwane, Kachare Wadi,
Poona 4.

To:

The Managing Agents,
the Sandur Tobacco Company, Ltd.
Yeshwant Nagar, (Sandur State),
Yeshwantnagar. (M.S.M.)

1/ It is brought to your notice that inspite of the three subsequent notices to you on the 26th July, 1948, 6th December, 1948 and 19th January, 1949, regarding payment of interest due on deposits, you have neither replied to them nor paid the interest due. Hence it seems that the Company is not in a position to pay the interest. It is obvious then that the Company is unable to pay the accrued interest and as such, it is quite reasonable to conclude that the Company will definitely be unable to return my deposits.

2/ I, therefore, hereby give you notice that if your Company will not remit the interest due before 21 days, I will hand over the matter to my Solicitor to take immediate legal action and file an application in the Court for liquidation of the Company.

3/ You are hereby informed that in case the Company is liquidated, I will not be held responsible for any damage caused to previous or present managing agents or share holders or depositors or other personnel having connections with the Company. But you will be held responsible for any sort of damage caused in the above respect as you have deliberately neglected the payment of interest due to me inspite of repeated reminders and notices.

4/ The details of interest are given below:

Deposit Receipt No.7 dated 1st October, 1945, for Rs 34.500/- of Sandur Tobacco Company Ltd. Yeshwant...

Period.	Amount of interest due. Rs. As. Ps.
Upto 30-3-48.	1293 - 12 - 0
Upto 30-9-48.	1293 - 12 - 0
Upto 30-3-49	1293 - 12 - 0
Total amount of interest due on this receipt...	3881 - 4 - 0

6 Deposit Receipt No.31, dated the 1st November, 1946, for Rs. 7,550/, of Sandur Tobacco Company Ltd.Yeshwantnagar.

Period.	Amount of interest due.
Upto 30-4-48 (Out of interest 283-2-0 amount of Rs. 123/ has been received and the interest due is Rs. 160/).	Rs. 160 - 0 - 0
Upto 30-10-48	283- 2 - 0
Total amount of interest due on deposit receipt No.31.	443 - 2 - 0
Grand total of interest due on the above two deposits.	4,324 - 6 - 0

It is not understood why there is deliberate avoidance of payment of interest. Has the Company's financial position has been lowered to such a deplorable condition as to prove to be a bankrupt ? It is a matter of deep regret to state that the cheating of depositors to such an extreme extent is highly disgraceable on the part of the Managing authorities and Board of Directors of the Sandur Tobacco Company Ltd., Yeshwantnagar on whose trust the depositors came forward with open minds and deposited their hard earned money. Obviously, it is not justified on the part of managing authorities to mislead the honest public and attract the deposit on the backing of false propaganda. I would like to let me know by return of post the true present financial position and the latest balance sheet certified by the Registered Accountants in order to have a broad idea about the exact standing of the Company.

7 Lastly, I would like to inform you that if I do not receive within twenty one days from the receipt of this notice, the total accrued interest of Rs.4,324-6-0 (Rs. four thousand three hundred and twenty four & as

on my deposits for Rs. 42,050. I will be obliged to pass on the matter in my solicitor's hands to take prompt legal action against you and file an application in the Court to liquidate the said Company.

In favour of very early action in the matter is solicited.

Yours faithfully,

Poona,
7th April, 1949.

(C. S. Jadhav)

Depositor Holder of Deposit Receipt No.7 dated the 1-10-1946 and Deposit Receipt No.31, dated 1-11-1946 of Sandur Tobacco Company Ltd., Yeshwantnagar.

Copy forwarded with regards to the Honourable Prime Minister, Madras with reference to my application dated the 16th December, 1948 & 12nd January 1949 addressed to Hon'ble Sardar Patel & Collector Bellari for information & immediate action

Dev. Dept-

The petition on pp. 1-5 above addressed to the Managing Agents, The Sandur Tobacco Company Ltd., Yeshwant nagar (Sandur State) by Shri C. S. Jadhav of Poona may be perused. Pub. (Pol.) Dept. have a file bearing on the subject-matter of this petition, which was last seen in this Dept. on 1.4.49 and returned to them with this Dept. No. 10: 33643-K/49-1 dy. 4-4-49. This may therefore be transferred to that Dept. for necessary

22.4.49 27/4/49

Dev. Dept. U.O. No. 42027-K/49-1 dy. 26.4.49.

49564

Companies Department. 11.5.49

Confidential.

From: Sri H.Krishnamurti,
Registrar of Joint Stock Companies,
Madras.

To: The Chief Secretary to Government,
Public (Political) Department,
Fort St.George.

C.No.1097/49, dated the 6th May 1949.

CHIEF SECRETARY
2927
7 MAY 1949
GOVERNMENT OF MADRAS

Sir,

Sub: States - Sandur - Sandur Tobacco Company and the Sandur Plantation Company.
Ref: Office Memorandum No.5920/48-10, Public (Political), dated the 7th April 1949.

In the above memorandum, I was asked to submit a panel of names of three registered accountants to investigate into the affairs of the Sandur Tobacco Company Ltd. and the Sandur Plantation Company Ltd. Six firms of auditors were addressed in the matter of their willingness to be appointed for the work. Of these, Messrs. Fraser & Ross have not responded and Messrs. Sankaran and Raman expressed their inability to undertake the work. The remaining four viz., M/s. R.G.N.Price and Co., M/s.Rau and Pal, M/s. M.S.Krishnaswami and Jagannadhan and Messrs. Sastri and Shah are willing to take up the work. They have also submitted the following estimate of the remuneration that they may require, if they are appointed to the post.-

p.54 below

p.t.o.

54

i) Messrs. R.G.N.Price and Co., Rs. 7500.
ii) Messrs. M.S.Krishnaswami and Jagannathan. Rs. 4500.
iii) Messrs. Rowe and Pal. .. Rs. 2500.
iv) Messrs. Sastri & Shah. .. Rs. 8000.

Copies of their replies containing the estimates are enclosed for perusal.

for Registrar.

encls. - 4 -

msd:
6.5.

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12. T

Copy of letter dated 26th April 1949 from M/s. R.G.N.Price and Co., Chartered Accountants, Registered Accountants,202,Mount Road,P.O.Box.No.335,Madras-2 to the Registrar of Joint Stock Companies,1st Line Beach,Madras.

Investigation into the affairs of companies.

1 Further to our letter dated 23rd instant, we are pleased to quote a consolidate fee of Rs.7500/- including all expenses incidental to the investigation.

2 It is presumed that, if appointed, payment of the above fee will be guaranteed by Government.

/true copy/

for Registrar of
Joint Stock Companies.

Madras,
d/6.5.49.

56/

Copy of letter dated April 23, 1949 from M/s.Rowe & Pal, 12,Thambu Chetty Street,Madras to the Registrar of Joint Stock Companies, First Line Beach, Madras-1.

Sub: Investigation into the affairs of companies in Sandur State.

Not received here — Ref: Your letter C.No.1097/1949 dated 17.4.49.

We agree to be appointed as inspectors of the companies referred to in your letter. We have perused the papers now in your possession and will be pleased to undertake the work on a consolidated remuneration of Rs.2,500/- (Rupees two thousand and Five hundred only) including all the expenses for both the companies.

/true copy/

for Registrar of
Joint Stock Companies.

Madras,

d/6th May 1949.

p.t.o.

.3. TI 57

Copy of letter dated 28th April 1949 from M/s.M.S.Krishnaswami and Jagannathan,5,Sambasivan Street,Thyagarayanagar,Madras to the Registrar of Joint Stock Companies,Madras.

Not received here Re: Your C.No.1097/1949,dated 17.4.49 regarding investigation into affairs of Companies.

1/ We had been to the office of The Assistant Registrar and went through the papers that were with him in connection with the investigation of the affairs of the Two Companies concerned.

2/ After taking into consideration the amount of work that may be involved and the expenses that may be incurred by way of travelling, boarding and lodging in the conduct of the investigation, we quote a consolidated amount of Rs.4,500/- towards fees and expenses for the investigation of the two companies.

/true copy/

for Registrar of
Joint Stock Companies.

Madras,d/6.5.49.

p.t.o.

58/

IV

Copy of letter dated 5th May 1949 from M/s.Sastri & Shah,15,Armenian Street,Madras-1 to the Registrar of Joint Stock Companies,Madras.

Re:C.No.1097/1949 - Investigation into the affairs of companies.

Further to our letter to you dated the 23rd ultimo and the subsequent perusal of the relative papers in the abovematter by our Mr.Sastri on the 29th ultimo we wish to state that you may please allow us the remuneration for the work at the rates specified by the Government of India under the Auditor's Certificates Rules.

2 For your information we may state that we generally charge for such works at:

Rs.30/- per hour for our Senior Partner.
Rs.20 ,, ,, a qualified Registered Accountant assistant.
Rs.10 ,, ,, ,, a Senior Assistant and
Rs. 3/- ,, ,, ,, a Junior assistant.

3 We estimate that the investigation of accounts of the two companies under consideration for the entire period since the incorporation may take about 200 hours for a qualified Registered Accountant assistant and a Senior assistant, and about 50 hours for our Sernior Partner. The travelling and other out-of-pocket expenses may come to about Rs.750/-. The total remuneration calculated on the above basis works out to Rs.8,250/-. We therefore suggest that we may be paid a lump sum remuneration of Rs.8,000/- for the entire work on this basis.

P.S.In case the time actually taken for the work will be less,we are willing to charge only proportionately.

/true copy/

for Registrar of Jt.St.Cos.

Madras,d/6.5.49.

SECRETARIAT
2969
1948
CHIEF SECRETARY

L.Dis.No.4275/49-C.C. Dated. 8-5-49.

From E.C.Allardice Esq.,I.C.S.
Collector, Bellary.

To The Chief Secretary to Government,
Fort St.George, Madras.

Sir,

Sub:- States- Sandur Tobacco Co.Ltd., and Sandur Plantations Ltd., Particulars of shares Furnished.

Ref:- Govt. Memo No.5920/48-9 Public (Pol)Department dated 7-4-49.

The particulars of the share capitals of the two companies referred to in the Memorandum cited are furnished below: -

Name of the Company.	Authorised Capital.	Issued capital.	Subscribed capital.	Paid up capital.	calls in arrears.
	Rs.	Rs.	Rs.	Rs.	Rs.
Sandur Tobacco Co., Ltd.,	25,00,000/-	5,00,000/-	3,87150/-	3,83,175/-	3975/-
Sandur Plantations Ltd.	15,00,000/-	5,00,000/-	2,08,830/-	2,04,795/-	4,035/-

HVR.8/5.

Collector, Bellary.

Public (Political) dept.

Secr. u.o in continuation of this department u.o. no 2927/49-1 dt 10/5/1949.

b53 above

10/5/49 Secy 11.5.49

AR 12.5.49

Secy.

Ref.C.No.532/49-10.of [illegible] 1

Dated. 8-5-49

From E.C.Allardice Esq.,I.C.S.,
Collector, Bellary.

To The Chief Secretary to Government,
Fort St.George, Madras.

Sir,

Sub:- States- Sandur State The Sandur Tobacco Co.Ltd., Interests of theState= Settlement of - Orders requested.

Ref: 1). Govt.Endt.No.5920/48-6,d.3-3-49.
2). This Office Reminder R.C.No.532/49-3,CC., dated 7-4-49.

pending

I invite your attention to this Office reference cited and request early orders.

Collector, Bellary.

Public (Political) Deptt.

development u.o. in continuation
of this department's u.o. no
P53 Edn 2927/49-1 d 10/5/1949

10/5/49

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Pol
11.5.49

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Confidential

Dev. Dept - C3

born in secn. I - 23.6.49

Mens: No: 484.82 - K/49-3 dy. 23-6.49

Companies — Sandur Tobacco Co., Ltd. and Sandur Plantations Ltd. — Alleged mismanagement by Directors and Managing Agents — Complaint.

Ref:- Correspondence resting with letter C.No: 1097/49 dated 6-5-49 from the R.J.S.C. to the Chief Secretary to Govt

~~Govt~~ consider

~~The Sandur State has been merged with the Indian Union with effect from 1-4-49 and powers for the administration of the merged areas under the have been delegated to this Govt. under the Salva Provincial Jurisdiction Act, 1947. It is, therefore considered that Govt. may take action under sec. 237(6) of the Companies Act 1913 on the R.J.S.C., Madras, complaint regarding affairs~~

Govt

I H C P 15

with respect of the Sandur Tobacco Co. and the Sandur Plantations Ltd. ~~under Sec. 237(6) of the~~

P. 94 of Act

b4

~~Section will be taken~~ An enquiry ~~must be~~ held

~~Sandur~~ Indian ~~Companies Act, 1913~~ with ~~would be~~ u/s 132(b) of the Sandur companies 1947.

most expedient. The Registrar is requested to ~~institute proceedings~~ proceed accordingly under Sec. 137 (b) of the Act and to submit a report to the Govt. In this connection, Copies of a notice from Sri C. S. Jadhav of Poona to the Managing Agents of the Sandur Tobacco Co. and a report from the Collector of Bellary regarding the share capitals of the two companies are enclosed.

P 94 of the Act

P 47-51 Cf.

P. 59 Cf.

16.6.49 16.6.49

To The R.J.S.C. Madras. (with copy of pp. 47-51 and 59 Cf). Copy to the Collector of Bellary w.r.t. his Conf. S32/49. C.C. dt. 8-5-49

R.J.S.C. dt 26/6

P(1)

R.D. 20-7-49

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CONFIDENTIAL.

GOVERNMENT OF MADRAS.
Development Department.
Memorandum No. 48482 K/49-3 dated 23rd June 1949.

COMPANIES - Sandur Tobacco Co., Ltd. and Sandur Plantations Ltd - Alleged mismanagement by Directors and Managing Agents - Complaint.

Ref:- Correspondence resting with letter C.No. 1097/49 dated 6.5.49 from the Registrar of Joint Stock Companies to the Chief Secretary to Government.

The Government consider that with respect to the complaint regarding the affairs of the Sandur Tobacco Co., and the Sandur Plantations Ltd., an enquiry should be held under Section 137(6) of the Sandur Companies Act, 1948. The Registrar is requested to ~~assent~~ proceed accordingly under Section 137(6) of the Act and to submit a report to the Government. In this connection, copies of a notice from Sri C.S. Jadhav of Poona to the Managing Agents of the Sandur Tobacco Co., and a report from the Collector of Bellary regarding the share capitals of the two Companies are enclosed.

M.T. RAJU,
Secretary to Government.

To The Registrar of Joint Stock Companies, Madras. (with enclosure).
Copy to the Collector of Bellary with reference to his C.No. 532/49 C.C. dated 8.5.49).

Forwarded/By Order.

SUPERINTENDENT.

PA. 24/6.
RD. 20.7.49.

D11

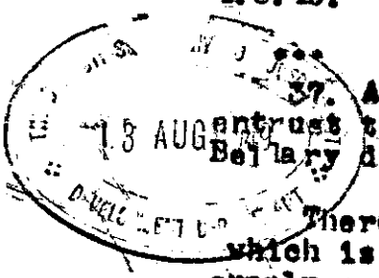
Received on 13-8-49

67

GOVERNMENT OF MADRAS.

EXTRACT - from Collector's Report Ref. N.O. 5364/49 -C.C. dated 4.6.49.

83727
13.8.49



37. AGRICULTURAL:- Proposals were already submitted to entrust this department to the Agricultural authorities of Bellary district; and to keep a demonstrator at Sandur.

There is good deal of hill grass available a major portion of which is wasted year after year. The state attempted to supply a few thousand tons of hill grass to the Military authorities but it was not successful due to political non-cooperation. This year hill grass was supplied to the Government of India at a rate of Rs.50/- per ton. Though a promise for supply of 3000 tons was originally made only about half the quantity could be supplied, as the progress washandicapped for want of labour. The quantity of hay available is sufficiently large that a permanent establishment to extract it would probably a paying proposition.

38. VETERINARY: A retired Madras Government Veterinary Assistant Surgeon was appointed to look after the Ruler's horses and the dairy cattle of the palace. He is also rendering veterinary aid to the public. He is paid Rs.160/- per month. There is one compounder and two peons under him. The Veterinary department of Bellary district may take over this department and the services of a veterinary Assistant Surgeon will be necessary for this territory.

39. FORESTS:This state is very rich in forest which cover an area of over 75,000 acres. Free grazing and grass cutting permits are issued in village forest which have an area of about 5000 acres. The wooded forests are rich in small teak, rose wood. Indian walnut, Honnai and several other jungle wood suitable for toymaking. Bamboo big and small are available in plenty. The state derives an annual income of about Rs.1,80,000/- out of the minor forest produce yield and sandalwood.

The grass available in these forests is suitable for cattle fodder, paper making and extraction of essential oils. The area is very rich in bedu grass under in the manufacture of paper and for thatching hutments. An average of 7000 tons of grass can be easily extracted at reasonable rates and this would help to mitigate recurring pasture famines in Bellary district.

The Forest Department is manged by the Chief Forest Officer who draws a salary of Rs.250/- per month. He is assisted by four foresters, 16 guards, one clerk and two peons. The Chief Forest Officer is a retired Mysore Government servant. The staff with the exception of the Chief Forest Officer may be absorbed into the forest department of the Madras Government but this may be examined by the Conservator of Forests, Bellary.

40. Excise duty on matches and tobacco. :-
The state does not manufacture matches but gets a subsidy of Rs.1,872/ from the Indian Pool. This may have to be foregone in view of the merger.

Tobacco. There are two companies dealing in Tobacco the Sandur Tobacco company and the Sandur plantations Ltd. The latter company cultivates tobacco cures and sells it to the former company who manufacture cigarettes. The state levies duty of Re.1/- per pound of barn, cured tobacco transported to the factory. Though the Tobacco company guaranteed a minimum

PTO.,

duty of one lakh of rupees every year from 1946, the amount has not been recovered as the two companies having failed to make a real success of their business, could not keep up the terms of the agreements. The state has invested rupees, 1,00,000 by way of shares in the two companies and the amount has to be realised. The manager has represented that the State has granted certain concessions to the company by way of subsidy, but there is no recorded evidence. The papers relating to these companies are under examination by the Government.

The Government of Madras have recently sanctioned the appointment of a special Revenue Inspector for work connected with tobacco excise duty and licensing.

The Government of India will presumably take away this branch of administration as soon as possible.

41. MINING:- The following minerals are availbe in the state (1) Iron Ores, (2) Jasper; (3) Red earth (4) Red oxide of iron; (5) Lime concur; (6) quarts (7) Granite; (8) Yellow Ochrri; (9) Lithomangic clay; (10) copper ores ; (11) Spring mineral water and (12) Road metal and building stones.

The General Sandur mining company is working manganese deposits in the state Terrbroty. Red oxide and red earth are worked by miners Sri A.P. Ramiah and Messrs. Bogga. Gurusanthiah and Brothers and Sri Sachidananda mining company. Hospet.

The state derives an total Revenue of Rs.30,000/- peryear, under this head.

Extract of Board's remarks No. 1.4360/49-2 dated 14.7.~~49~~ 1949

15. REGISTRATION, PUBLIC WORKS DEPARTMENT, ELECTRICAL DEPARTMENT, TRANSPORT, WATER WORKS, JAILS, AGRICULTURE, VETERINARY, FORE[illegible], CENTRAL EXCISE:-

The Departmental head concerned may be asked to look into the various questions relating to their departments. The Motor Vehicles Taxation Act may have to be extended to the States.

16. MINING: The provisions of the Indian Mines and the Explosives Acts may be applied to the merged area of Sandur.

PUBLIC (POL) DEPT.

The above extracts may be sent to Food and Development for necessary action.

(TRUE COPY).

DEVELOPMENT(J) DEPT.

To A.2

Ref. PP.1-3 above.

Submitted for perusal. Copies may be given to E, CI, DII and J (Mines Sections for further action.

V.K.N.
12/8/49.

(True copy)

Superintendent
12/8/49

70/##

Dev (K) Dc

This ~~Deptt.~~ Section is concerned with the borrow marked A on pp 1-3 ante. The matters relating to the two companies referred to therein are ~~separately~~ under consideration ~~No separate~~ action seems necessary in this. This may be ~~dossed~~ to the main file.

main file 7.V.B.Hf

B
23 8.69 AP
24/8/69

Replied in Acknowledgment

New Delhi.
October 11, 1949.

6346
19/X/49

My dear Gopal Reddy,

I am enclosing herewith details about some shares and funds held by a few friends whom I know, in a company in Sandur. I hear that the Madras Government is now controlling Sandur. Will you please look into the case and let me know what can be done in the matter? I do not see any reason why the Madras Government should try to deprive these people of their shares.

Probably there is some hitch somewhere!

Please do take trouble and let me know.

With regards

Yours sincerely
B Nehru

Hon'ble Shri B.Gopala Reddi,
Finance Minister,
Government of Madras,
Madras.

P.S.T
DEPUTY MINISTER, MINISTRY OF E.A. & C.R.

73

MINISTER FOR FINANCE
18 OCT
GOVT. OF MADRAS

7, York Road,
New Delhi.
October 16, 1949.

Dear Sir,

I am sorry that the enclosure to the letter dated 11/x addressed to the Hon'ble the Finance Minister by the Hon'ble Dr. B.V.Keskar, Dy. Minister for External Affairs was not enclosed due to oversight. I am enclosing it herewith. Please show it to the Hon'ble the Finance Minister.

Thanking you,

Yours faithfully,

Private Secretary
to the Hon'ble Dy. Minister

Private Secretary to the Hon'ble
the Finance Minister,
Government of Madras,
Madras.

S T A T E M E N T

1/ Sandur is a small Mharata Native State. One Rao Sahib Patil of East Kandish secured some concessions from the Raja of the State for growing Virginea Tobacco and for starting a factory to maufacture cigarettes. Between 1945 to 1947, The Raja himself deposited one lakh rupee of the State in the Tobacco Concern, and the State bought 50,000 Rupees Shares in these concerns. Other States of Bombay Province also bought some shares in these concerns. This encouraged Rao Sahib Patil to collect deposits of cash money from some 30 to 35 men of Poona. However, the concern began to show loss and Rao Sahib Patil withdrew himself from the Managership of these concerns and managed to hand it over to one Mr. A.D. Sampath of Bombay. In the meanwhile, Rao Rashib Patil had collected Rupees five lakhs or so in the form of deposits from the Poona people. But he was not able to pay any interest to the depositors for these two years. Nor was any dividend paid to shareholders.

2/ Sandur being a far off place from Poona, the Poona depositors found themselves partially helpless to recover their deposits. Their difficulties have further been enhanced by the merger of Sandur in the Madras Province. Fortunately for them Sandur is now completely merged and obserbed in the Madras Province. But even yet, the Civil Court Branch is not fully organised. Plaints and applications are received but not yet disposed.

3/ The New Managing Agent says that the Coy. would be able to give back to the depositors nothing more than 6 annas in a rupee. But even in that attempt, the hundis of six annas in a rupee given to some of the depositers were returned dishonoured. It is, therefore, thought desirable that the Joint Stock Registrar of Madras or Sandur (whosoever has the authority in the matter) should be ordered to take steps to wind up the Coy. This alone may in our opinion, saves the situation to some extent.

4/ So far as we know the Sandur Tobacco Coy. Ltd. has a building of its own worth about 5 lakhs, including the cigaretts plants. The Sandur Plantation Coy Ltd. has taken on lease about 800 acres of lands for growing tobacco for a period of 25 years, and the total liabilities do not exceed 8 or nine lakhs against both the companies.

316, Somwarpeth,
Poona City

G. L. Dhekne
Depositor & shareholder

P.S. The Madras Govt has now the full right to recover the Sandur state deposits of one lakh & to have the shares of 8 annas of the state. The Raja had one Director on the Board of Directors & the Madras Govt will have to place 5 more Director on the Board. It has a right to move also for the Court for liquidation.

G. L. Dhekne

MINISTER FOR FINANCE
GOVT. OF MADRAS

Public (Political) Department

development U.O. for necessary action. That department is already dealing with the question of safeguarding this Government's interests in respect of shares held by the late Sandor Szabar in the Sandus Tobacco Company.

24/10/49

24/10/49

Pol (Pol)
2w0 6 3 4 4/69 1
24/10/49

Development Dept.

Memo. No. 48482-K/49- 7 dated.- 29-10.49.

Companies - Sandur Tobacco Co., Ltd. and Sandur Plantations Ltd. - Alleged mismanagement by Directors and Managing Agents - Complaint.

Ref:- From the Dy. Minister for External Affairs, Govt. of India, D.O. dated 11.10.49 addressed to the Hon'ble Minister for Finance.

--

A copy of the statement, furnishing details ~~of~~ regarding shares and funds held ~~by some residents of Poona~~ in the Sandur Tobacco Co., Ltd. and the Sandur Plantations Ltd., by some residents of Poona received by the Govt., is forwarded to the R.J.S.C. for report, in continuation of this Dept. Memo. No. 48482-K/49-3 dated 23.6.49.

To The R.J.S.C., Madras.
(with copy of ~~xxx~~ xi and p 75 c.f.)

R.D. 10/11/49

Draft D.O. to the Dy. Minister for External Affairs, Government of India.

Sub:- Companies - Sandur Tobacco Co. Ltd. and Sandur Plantations Ltd. - Alleged mismanagement by Directors and Managing Agents - Complaint.

Ref:- Your D.O. dated 11-10-49.

p.71 cf

pp.71 and 75 cf

I have passed on your D.O. and its enclosure, which I have since received, to the Development Department which is concerned with the subject matter of the D.O.× My colleague, Hon'ble Sri C.Perumalswami Reddi, is in charge of the subject.

× p.71 cf

p.1-5 cf

2. On a complaint received from a shareholder in Bombay regarding the affairs of the Sandur Tobacco Co. Ltd. and the Sandur Plantations Ltd., the matter has already been taken by this Government in the Development Department. (I am to inform you that) the R.J.S.C.,

vide notes on pp 11-15 n.f.

2-80/

Madras, has been asked to enquire into the affairs of both the companies and that necessary action will be taken on receipt of his report.

p.65c

Y.F.

28.10.49 KP 28/X/49.

29.10.49

To The Hon'ble
Dr. B.V.Keskar,
Dy. Minister for External Affairs,
Govt. of India,
New Delhi.

COMPANIES DEPARTMENT.

Confidential.

-116043-
29.11.49

From

Sri H. Krishnamurti,
Registrar of Joint Stock Companies,
Madras.

To

The Deputy Secretary to Government,
Development Department, Fort St. George, Madras.

C.No.2609/49 dated 26th Novr. 1949.

Sir,

Sub: Sandur State - Companies - The Sandur Tobacco Co.,Ltd. and the Sandur Plantations Ltd. - alleged mismanagement by directors and managing agents - complaint - report under section 137(5) of the Indian Companies Act,1913.

Ref: Government Memorandum No.48482-K/49-8, Devt., dated 11.11.1949.

P 21 of routine file

As per the orders contained in Government Memorandum No.48482-K/49-3, Development dated 23.6.1949, I have instructed the Assistant Registrar of Joint Stock Companies, Bellary, to investigate into the affairs of the companies referred to above. From his report, I am satisfied that the affairs of the companies are in an unsatisfactory state and that the business of the companies has been carried on fraudulently, and that the appointment of an Inspector to further investigate is necessary; but no such appointment can be made by Government unless the Indian

P 65 above

M 1

p.t.o.

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M | Companies Act,1913, is extended to the Sandur State.

:2:

2. I invite the kind attention of the Government to my letter No.61 Off. dated 11.8.1949, addressed to the Revenue Department in my capacity as the Inspector-General of Registration wherein I requested the extention to the merged State of Sandur of certain Provincial and Central Acts, including the Indian Companies Act. On receipt of the orders, a further report will be submitted to Government.

encl.nil.

msd.26.11.

for Registrar. 26/11/49

26/11/49

Confidential

Dev. Dept.

Memo. No 48282-~~85185~~-K/49-9 dtd. 6-1-50. ~~12.49~~

Companies – Sandur Tobacco Co. Ltd. and Sandur Plantations Ltd. – Alleged mismanagement by Directors and Managing Agents – Complaint

Ref:- From the R.J.S.C.; C.No. 2609/49 dtd. 26-11-49.

The Indian Companies Act, 1913, has been extended to the merged State of Sandur along with other Central Acts with effect from 1-1-50 by the Merged States (Laws) Act, 1949 (Central Act LIX of 1949). The attention of the R.J.S.C. is invited to para 2 of his letter cited and he is requested to expedite the further report promised therein. The Registrar is also requested to state whether the panel of names of ~~registered~~ Chartered accountants submitted with his letter C.No. 1097/49 dated 6-5-49 may be considered for appointment as Inspectors to

I.P.T.O.

84

investigate ~~to~~ the affairs of the Sandur Tobacco Co. Ltd. and the Sandur Plantations Ltd. Any early reply is requested.

5/1/50. 5/1/50. 6/1/50. M 6.1.50

Dpty S.C. 7.1.50

To The R. J. S. C. ✓
Madras.

R 31/1/50

CONFIDENTIAL.

COMPANIES DEPARTMENT.

In reply, please quote number, date and short title.*

*Received*_____ *Registered*_____

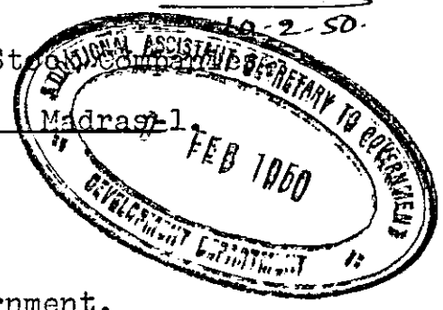
11381
10-2-50.

From (Name) Sri H. Krishnamurti,

(Designation) Registrar of Joint Stock Companies,

Post Box_____, (STATION) Madras-1.

*Telegraphic Address*_____



To

The Deputy Secretary to Government,
Development Department, Fort St.George.

C.*No.* 2609/49 , *dated* 7th February 1950.

Sir,

ENCLOSURES
Thirteen.

SPARE COPIES NIL.

Sub: Companies - The Sandur Tobacco Company, Limited and Sandur Plantations Limited - Alleged mismanagement by directors and managing agents - Complaint - Report under section 137 (5) Submitted.

Ref: Government Memorandum No.48482-K/49-10, Development, dated 31-1-50 and my letter C.No.2609/49, dated 2-2-50.

1

The Sandur Tobacco Company, Limited and the Sandur Plantations Limited were registered as public companies on 11-8-45 and 16-4-46 respectively in Sandur State under the Mysore Companies Act, 1938. The authorised capital of the Sandur Tobacco Company Limited is Rs.25,00,000/- divided into 50,000 ordinary shares of Rs.50/- each. The authorised capital of the Sandur Plantations Limited is Rs.15,00,000/- divided into 1,00,000 ordinary shares of Rs.10/- each and 5000 6% preference shares of Rs.100/- each. Their subscribed and paid-up capitals are as shown below:-

	Subscribed Capital.	Paid-up Capital.	As per balance sheet as on
	Rs	Rs	
The Sandur Tobacco Company, Limited. ..	3,87,150/-	3,83,175/-	31-3-'48.
The Sandur Plantations Limited. ..	2,01,030/-	1,85,095/-	30-11-47.

2. Complaints have been received, from persons who have deposited large sums in the companies, alleging mismanagement of the affairs of the companies. The allegations are:-

(i) That one Rao Sahib Sri P.I. Patil originally started a proprietory concern in the State under the name Sandur Tobacco Company, Limited. He incurred heavy loss in the concern and so formed these two companies with a view to transfer the loss to these companies. He was managing agent of the companies under the name J.B. & Sons for a time. Later he transferred his managing agency to Messrs. A.D. Sampath & Company to relieve himself of the liability for the debts and losses incurred by the companies;

P.T.O.

Encl. I on pp. 5-10 of (M) paras 3 and 11

(ii) That with the help of Messrs. S.G. Mandre & Company, the previous auditors, Rao Sahib P.I. Patil who was managing agent of the two companies under the name "Messrs. J.B. & Sons" spent lavishly the companies' funds without keeping proper accounts for the expenses;

(iii) That the directors of the companies were negligent about the administration of the companies, but they however safeguarded their deposits in the companies;

I.A. 2 of (M)

(iv) That the prospectuses issued by the companies were misleading;

(v) And that the state of affairs of the companies is precarious.

✓ p. 85 above

3. Allegation No.1. There is ample evidence to prove the suspicious transactions alleged to have been indulged in by Rao Sahib Sri P.I. Patil while transferring the loss he had incurred to the companies. He entered into an agreement with the Sandur State in 1945 (copy sent to me along with Government Office Memorandum No.5920/48-4, Public (Political) dated 5-2-49) according to which the State leased out to him about 1000 acres of land in the State for manufacturing tobacco and starting a cigarette factory, for a period of 25 years. In return, he was to pay assessment for the land and an amount not less than Rs. one lakh every year commencing from the third year after 12-7-45 towards excise duty. But, as this firm incurred loss, he decided to form two companies and transfer the business to them. The balance sheets annexed to the documents ~~(copies enclosed)~~ executed by him in favour of the companies for the transfer of the business of the firm show that the loss incurred by the firm was transferred to the two companies. The balance sheet of the Sandur Tobacco Company, Limited shows Rs.44,971-12-9 as establishment expenses capitalised which should otherwise appear as loss. The balance sheet of the Sandur Plantations Limited shows a net loss of Rs.6,738-4-6 besides Rs.23,472-10-7 shown as establishment expenses under the assets side. ~~xxxxxxxxxxxxxxxxxx~~ Apparently the establishment expenses under the assets side have been capitalised. Capitalisation of the expenses done under the circumstances in which the firm was transferring its business to the companies indicates that it was only for covering up the loss incurred by the firm. It is evident that Rao Sahib P.I. Patil transferred the loss of his proprietory concern to these two companies, his only anxiety being to escape liability for the loss incurred by the firm. He, however, did not sever his connection with the business completely. He remained in the directorate of the two new companies and in the firm of Messrs. J.B. & Sons, who were appointed as managing agents of the companies on their incorporation. The directors' report on the balance sheet as on 31-3-48 signed by Rao Sahib P.I. Patil, on behalf of the directors and as a director, also refers to the loss the firm transferred to the new companies. While accounting for the capitalisation of Rs.1,86,286-5-0 in the balance sheet he says--

× pp. 1-3 of (M)

I. 1. (M)

I. 2 of (M)

p 26 of (M)

p. para 3 on p. 26 of (M)

"As the manufacturing started very late and the initial expenses were made mostly for construction and capital expenditure we had no other go but to capitalise expenses to the extent of Rs.1,86,286-5-0 which covers a portion of expenses incurred by the Sandur Tobacco Company, Limited after the commencement certificate was obtained as also a portion of expenses brought forward from the proprietory concern Sandur Tobacco Company".

4. Even after the two companies were formed, the losses continued to rise up. Rao Sahib P.I. Patil who was the managing agent of these companies under the style of Messrs. J.B. & Sons could not mend matters. He, therefore, severed his connection with the companies to escape from the confusion he had created, by transferring the managing agency to Messrs. A.D.Sampath & Company. The following observation of the Special Officer in charge of the State Administration, Sandur in his D.O. letter

dated

dated 12-1-49 addressed to the Collector, Bellary (copy sent to me with Government Office Memorandum No.5920-48-4 Public (Political dated 5-2-49) also proves the above statement:-

"Rao Sahib P.I. Patil has promised to repay a return of 9% and it is on that assurance that the State as well as other depositors made their investments, but after two years of working he found that both the companies were heavily in debt and that he could not manage any longer to run the said two companies, and therefore he sold them away to Sri A.D. Sampath who was also a director of the Sandur Tobacco Company".

The following extract from the reply of the present managing agents viz., Messrs. A.D. Sampath & Company sent with reference to the letter of the Assistant Registrar, Bellary calling for explanation for the allegations made against the company strengthens the view that Rao Sahib Patil transferred the managing agency to avoid responsibility for the loss incurred:-

"It is absolutely a fact that majority of the directors were depositors of the company. I never knew that most of the directors at the time of transferring the managing agency to me took in writing from Mr. P.I. Patil an assurance that inpase the company failed to refund their deposits Mr. P.I. Patil would be personally responsible for that. This fact I came to know after a long time when some of the directors having already taken in writing from Mr. P.I. Patil the assurance about the safety of their deposits were not prepared to come to any reasonable agreement with the company regarding the deposits".

It is thus evident that Mr. Patil wanted to step out of the management of the company by some means or other, because he knew he was responsible for the sad state to which the companies' affairs were brought, and with this object, he has appeased the directors by giving the assurance referred to above. A copy of the letter is submitted herewith.

Rao Sahib P.I. Patil had also sent in his letter of resignation of his directorship from the companies (vide letter dated 3-11-48 of the Sandur Tobacco Company, Limited to the Inspector of Police, Sandur, a copy of which was sent to me along with Government Memorandum referred to in paragraph 3 above). Some of the depositors of Poona have deputed two persons to inspect the accounts of the companies. The report of these persons has been forwarded to me. This report also substantiates the allegation. A copy of the report is submitted herewith.

5. Allegation 2. There is evidence to prove that the companies' funds were spent lavishly and that accounts were not kept properly by Rao Sahib Sri P.I. Patil, representing the managing agents of the companies. The transfer of the assets and liabilities of the proprietory concern of Mr. P.I. Patil to the two companies was done in a suspicious manner as shown above. He drew up a balance sheet as on 31-8-46 for the purpose of effecting this transfer. Even the assets shown in it were not verified. The two persons deputed by the depositors of Poona referred to in paragraph 4 above for examining the accounts report as follows:-

"We are strongly of opinion that Rao Sahib P.I. Patil anyhow wanted to get rid of the heavy losses he had already incurred in his proprietory concern. He managed to place it in the hands of this company even in the absence of legal provisions. According to our estimate, Rao Sahib was already in a loss of half of his capital investment when this transfer was manipulated".

They have also reported that the account books were maintained in a clumsy way and were fabricated. The present managing agents have also admitted this. In their letter dated 7-10-49 to the Assistant Registrar, Bellary they have said "certain irregularities were found by me in the accounts after my taking over the possession of the company during the course of the last year and

P.T.O.

Mr. P.I. Patil and the auditors Messrs.S.G.Mandre & Company were called upon to give their explanations in connection with certain discrepancies. The matter was then put before the Board as well as before the shareholders by me and it was decided that re-examination of the accounts should be carried out by Messrs. B.M. Mehta and Company, the auditors at Bombay". Therefore it is evident that the accounts were not kept properly ever since the incorporation of the companies.

6. The balance sheets of the companies also show that the expenses were very extravagent (copies of them are submitted herewith). The items given below are a few of the expenses as disclosed by the balance sheet:-

The Sandur Tobacco Company, Limited: Balance Sheet as on 15-1-1947.

Salary	Rs.	56,485 15	5
Travelling expenses ..	Rs.	9,892 14	9
Other expenses	Rs.	7,135 10	10
	Rs.	73,514 9	0

Balance Sheet as on 31-3-1948.

Productive wages ..	Rs.	28,116 9	0
Salaries	Rs.	23,669 12	2
Travelling allowance ..	Rs.	10,804 0	0
Directors fees and expenses..	Rs.	3,336 0	0
Motor car maintenance ..	Rs.	6,537 13	4
Stationery, postage, rent, insurance, packing and forwarding expenses, general charges, audit fees and other expenses. ..	Rs.	29,810 3	4
	Rs.	1,02,274 5	10

The Sandur Plantations Limited. Balance sheet as on 30-11-47.

Salaries and wages ..	Rs.	13,771 0	6
Other expenses	Rs.	10,671 14	5
	Rs.	24,442 14	11

7. The Sandur Tobacco Company, Limited. There were no sales during the period covered by the balance sheet as on 15-1-47. Establishment and travelling expenses amounting to Rs.73,514-9-0 are therefore unreasonable. The next balance sheet of the company as on 31-3-48 shows a worse position. The sales during the period covered by the balance sheet amounted only to Rs.90,277-14-6 while the expenses on establishment etc., amounted to more than a lakh. Besides the above, Rs.92,050-6-9 was shown as 'other liabilities' on the liabilities side ofthis balance sheet. This included Rs.4,808-13-0 due to managing agents, salaries and wages Rs.6,650-7-6, directors' fees Rs.3,000/- and certain other items.

Another item which attracts attention on the assets side of the balance sheet is extracted below:-

"Revenue expenses capitalised by management. Advertisement Rs.10,000/-; Salaries and wages Rs.75,000/-; Travelling expenses Rs.15,000/-; Interest on fixed deposits Rs.79,536-5-0; Consultation fees Rs.5,750/-; Other expenses Rs.1,000/-; (Total) Rs.1,86,286-5-0; We take no responsibilit for this capitalisation; It is objectionable and highly improper in our opinion".

The above extracted opinion goes to show the guilt of the previous managing agents Messrs. J.B. & Sons in having squandered the companies' moneys. The profit and loss account shows Rs.23,669-12-2 as salaries paid, Rs.6,650-7-6 is shown as salaries etc., due on the liabilities side of the balance sheet and Rs.75,000/- salaries paid is found capitalised on the assets side as shown above. Similarly Rs.15,000/- is shown as travelling expenses capitalised on the assets side while Rs.10,804/- is found spent under this head in the profit and loss account. It appears that the underlined note under the entry regarding capitalisation of Rs.1,86,286-5-0 was made by the directors. The explanation of Rao Sahib Sri Patil for this capitalisation given in the directors' report on the balance sheet is extracted in paragraph 3 above. The loss incurred by the proprietory concern of Rao Sahib Sri P.I. Patil was brought forward to the detriment of the stability of the company. The fact that the managing agents, J.B. & Sons, did not draw any remuneration as mentioned in this directors' report does not in any way relieve them of their liability for all these misdoings. The large expenditure amounting to roughly Rs.2 lakhs that has been capitalised and the large sums which have been spent on salaries and travelling expenses without proportion to the resources of the company with the result that the balance sheet showed a net loss of - Rs.1,22,782-11-11, clearly prove this allegation. The total expenses incurred on establishment, travelling allowance etc., come to nearly four lakhs as shown below:-

Expenses capitalised as shown on the assets side of the balance sheet	1,86,286-5-0;
Other liabilities shown on the liabilities side of the balance sheet	Rs. 92,050-6-9;
Expenses found in profit and loss account about ..	Rs.1,00,000-0-0.

Even if these expenses are spread over the period from 11-8-45 (the date of incorporation of the company) upto 31-3-48, the date upto which the balance sheet is made, they are without proportion to the company's assets.

8. The Sandur Plantations Ltd. There were no sales during the period covered by the balance sheet but expenses on establishment etc., amounted to Rs.25,000/-. The net loss shown in the balance sheet is Rs.12,299-7-1 including that brought forward from the parent firm.

9. It is also significant that the directors' reports on all these balance sheets were signed by Rao Sahib P.I. Patil only and not by other directors. This shows either that the directors did not interest themselves in the administration of the companies or that they allowed the matters to drift in the manner they did. The auditors Messrs. S.G. Mandre & Company have also been negligent in their audit. The certificate furnished by them in the balance sheet as on 15-1-47 of the Sandur Tobacco Company, Limited does not report whether in the opinion of the auditors, the balance sheet and the profit and loss account were drawn up in conformity with the law and whether the books of account have been kept as required by section 130 of the Act (vide section 145 of the Act).

10. Allegation No.3. The chaotic state in which the companies' affairs are now found shows that the directors were very negligent about the administration of the companies. The very fact that the directors got assurance from the previous managing agents with regard to the repayment of their deposits (vide paragraph 4 above) proves that they knew that the affairs of the companies were not satisfactory. The present managing agents also observe in their letter dated 7-10-49 thus: "Personally I am of belief and there are reasons supporting my belief that

the directors of the company did know for certain that the company was not running well and was making losses and yet they neglected the safety of the investing public".

11. Allegation No.4. The prospectuses issued by the companies contained material omissions. The companies were formed by transferring the assets and liabilities of the firm of Rao Sahib P.I. Patil. According to section 93 (1) (f) of the Act, the names and addresses of the vendors, the purchase price and how it was to be paid etc., should have been disclosed in the prospectuses issued by the companies as regards the transfer of the business of the firm to the companies. The profits or losses of the business of the firm should also have been disclosed in the prospectuses as required by section 93 (1) (ff) of the Act. These were omitted to be mentioned in the prospectuses issued by the companies. These are serious omissions and evidently they were made to mis-represent the affairs of the companies. Much was made about the patronage lent to the companies by the State Government. The Memorandum of Association of the companies, copies of which were attached to the prospectuses also did not mention anything about the acquisition of Rao Sahib P.I. Patil's business. It is usual to mention such things in the memorandum of association. These companies were formed only to acquire the business of Mr. Patil, but no mention was made about the purchases in the memoranda of association of the companies. These omissions lead to only one conclusion viz., what was acquired from the concern of Mr. Patil being only loss, he was anxious to conceal his complicity in bringing it about did not want to disclose the real position of the companies, to the investing public. Copies of the prospectuses are submitted herewith.

12. Allegation No.5. The affairs of the companies are thus definitely in an unsatisfactory state. Hundis issued to the creditors are not honoured. Large sums deposited with the companies are reported to have not been accounted for in the books of the companies. Charges have been created on the assets of the companies to the extent of Rs.1,50,000 which has since been raised to Rs.5,00,000/-. These were in favour of one of the directors Sri J. Hansraj. Attempt has been made to transfer them to another person. A copy of lists of directors of the companies is submitted herewith. It will be seen from it that the majority of the directors represent the previous and present managing agents. Thus the managing agents had no check from the directors in the administration of the affairs of the companies.

13. The State Government have invested Rs.50,000/- in the shares of the companies and deposited Rs.1,00,000 with them. The deposit amount though it is repayable now, has not been paid. The Collector has reported that notices have been served on the companies under the Mysore Land Revenue Code to pay this amount and the arrears of excise duty due, and that for failure of the companies to pay the amount the Special Officer has attached their properties. His further report is awaited.

14. From the foregoing facts it may be summed up that the allegations listed in paragraph 2 appear to be true, that from year to year, the companies' liabilities are increased and assets have been mortgaged, and at this rate the companies are bound to come to grief before long if the present state of affairs is allowed to go on unchecked. Therefore it becomes imperative in the interests of the shareholders and depositors that the affairs of the companies should be thoroughly investigated into for which purpose, the Government may be pleased to appoint an Inspector under Section 138 (iv) of the Act.

The costs incidential to the investigation are recoverable as arrears of land revenue under section 141 (3) of the Act.

15. As regards the willingness of the Chartered Accountants whose names were shown in the panel submitted with my letter No.

No.C.1097/49 dated 6-5-49 to take up the work of the investigation only three of them have replied stating that they are still willing to take up the work. Copies of their replies are submitted herewith. Messrs. M.S. Krishnaswamy and Jegannathan have not replied yet.

Yours faithfully,

RB.8-2.

REGISTRAR OF JOINT STOCK COMPANIES.

9/2/50

9.2.50

P.T.O.

92

List of enclosures.

1) Copy of Balance Sheet annexed to the agreement entered into between the Sandur Tobacco Co. Ltd., & Rao Sahib Sri P.I. Patil.

2) Copy of Balance heet annexed to the agreement entered into between the Sandur Plantations Co. Ltd., and Rao Sahib Sri P.I. Patil.

3) List of present directors of the Sandur Tobacco Co. Ltd., & the Sandur Plantations Ltd.

4) Copy of explanation of the Sandur Tobacco Co. Ltd., dated the 7th October 1949.

5) Report by Mr. V.S. Mokashi, B.Sc., Income-tax Consultant & Mr. G.T.Wadekar, B.E., of the Inspection of Accounts of the Sandur Tobacco Co. Ltd., & the Sandur Plantations Co. Ltd., to the depositors of the Companies.

6) Copy of letter dated 21.1.50 from M/s. R.G.N.Price & Co., Chartered Accountants.

7) Copy of letter dated 23.1.50 from M/s. Sastri & Shah, Chartered Accountants.

8) Copy of letter dated 22.1.50 from M/s. Rowe & Pal, Chartered Accountants.

9) Copy of balance sheet as on 30.11.47 of the Sandur Plantations Ltd.

10) Copy of balance sheet as on 15.1.47 of the Sandur Tobacco Co.Ld

11) Do. 31.3.48 Do.

12) Copy of prospectus of the Sandur Plantations Ltd.

13) Copy of prospectus of the Sandur Tobacco Co. Ltd.

Confidential.

Dev Dept 93

Memo: No: 48482-K/49-12 dt. 14-3-50.

Companies – Sandur Tobacco Co. Ltd. and Sandur Plantations Ltd. – Appointment of Inspectors under section 138 of Indian Companies Act, 1913.

From the R.J.S.C., C.No. 2609/49 dt. 7-2-50.

It is proposed to appoint ~~Rao & Rao Pvt., Chartered Accountants, Madras, as~~ Inspectors to investigate the affairs of the Sandur Tobacco Co., Ltd. and the Sandur Plantations Ltd. and to order the recovery of the ~~Rs. 25,000/-~~ ✓ costs of the investigations from the Companies concerned. The R.J.S.C. is requested to state how the amount should be apportioned between the two

↘

Vide 'A' on p. 22 n.f

✓'B' on p. 22 n.f

pp. 85-91 cf

94

Companies for purposes of recovery.
A very early reply is requested.

13/3/50 14/3/50. 14/3/50

Dpty S.C. 15/3/50

To The R.J.S.C.
R.D. 24/50.

Confidential.

75

Companies DEPARTMENT.

In reply, please quote number, date and short title.*

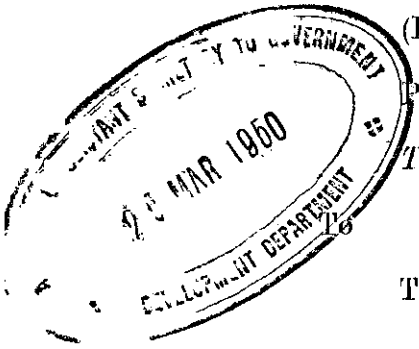
Received _____ *Registered* _____

From (Name) Sri H. Krishnamurti,

(Designation) Registrar of Joint Stock Cos.,

Post Box _____, Madras.

Telegraphic Address _____



26919 25-3-50

The Deputy Secretary to Government,
Development Department, Fort St. George,
Madras.

No. C.2609/49 *dated* 22nd March 50 *194--*.

Sir,

Sub: Companies - Sandur Tobacco Co., Ltd. and Sandur Plantations Ltd. appointment of Inspectors under Sec.133 of the Indian Companies Act,1913 - recover. of costs of investigation.

ENCLOSURES NIL.

SPARE COPIES NIL

Ref: Government Memorandum No.43482-I/49-12,Devt.,dated 14.3.1950.

pp 93-94 above

The affairs of the two companies mentioned above are so interconnected that it may not be possible at this stage to assess the actual volume of work that will have to be done and the expenses that will be incurred with regard to the investigation of the affairs of each of these companies. The inspector proposed to be appointed, would be in a position to apportion the costs of investigation between the two companies after he has conducted the investigation. Government may, therefore, give necessary direction to him with regard to this

p.t.o.

9c

matter in the order of appointment.

for [illegible]

24.3.50

mcl.mil.

mm.

Public (Poll) deptt.

States- Sandur- Sandur Tobacco Company and Sandur Plantations Ltd.- Affairs.

/From Sri Chandrasen Shanker Rao Jadhav dated 16-12-48/
/Issued Endt. No.592/48-1 dated 27-12-48/
/From the Collr. of Bellary No.532/48-2 CC dated 16-1-49/
-do- No.12591/48-2 CC d.16-1-49/

The Sandur Tobacco Company, Yeshwantnagar and the Sandur Plantations Company, Sandur are carrying on business at present in Yeshwantnagar and Sandur respectively in Sandur State. The managing agency was originally in the hands of Messrs. J.B. and Sons and subsequently it was transferred to Messrs. A.D.Sampat & Co.. The Sandur state has ~~invested an amount of Rs.one lakh and has~~ deposited an amount of Rs. one lakh for a period of one year with the Sandur Tobacco Company. The period of one year of deposit expired on 30-5-48 but the Company have not yet been able to return the deposits. The management have been asking for more time to return the deposits.

In addition to the deposit amount of Rs. one lakh the Sandur state has also purchased shares to the face value of Rs.25,000 in each of the two companies. Originally the Company agreed to guarantee to the state an excise revenue of Rs. 1 lakh per annum. Subsequently this guarantee revenue has been reduced to Rs.30,000.

But now Sri Sampat, the Managing Agent of the two companies requests that (i) the deposit amount should not be withdrawn now and (ii) that an excise revenue of Rs.32,000 which the Company owes to the state should be given to the company as a subsidy from the State.

One Sri Chandrasen Shankerrao Jadhav of Poona has sent in a representation about these Cos. to the Govt. of India with a copy to this Govt. The original petition sent to the Govt. of India has not yet been referred to this Govt. for report. But the copy of the representation received in this deptt. was referred to the Collector of Bellary for report. The Collector has

has forwarded copies of the reports from the Special Officer in charge of the administration of Sandur. It is apparent from these reports that the financial position of these two companies is very unstable and that several depositors at Poona have lodged criminal complaints with the Police and the matters are under investigation by the Poona Police.

The Collector of Bellary has suggested

(i) that the Govt. may make arrangements with the Cooperative deptt. or by the employment of an Inspector under Section 138 of the Sandur Companies Act to scrutinise in detail the past and present affairs of the Company and arrive at a conclusion on the recommendations of the enquiring officer and

(ii) that necessary legal opinion may be obtained in regard to the payment of Excise duty by the Company and the

(iii) and the return of the deposit amount of Rs. one lakh due to the state by the Company.

It is submitted for consideration whether the suggestion of the Collector may be accepted and if so, whether Development may be requested to spare the services of an experienced and senior Inspector of Cooperative Societies to scrutinise the accounts of the Company in Sandur.

Legal may also see with reference to suggestions (ii) and (iii) above.

Cur
30.1.49. R.I.M.

We may await the Govt. of India's instructions. In the meantime the file may be sent to Dev & Legal for remarks

AR ✓
31.1.49

Dev / Legal

Dev. Dept

10622 B.I/49
31-1-1949
Re (Pr) Dev

To A.S.

Public Dept's notes at pp. 1-2 ante may be perused. [If Co-op. Inspector is to be deputed, this dept. may suggest that the R.C.S. may be consulted in the first instance. After orders are passed

5929/48 2
31.1.49

32

Issue 1/4.

47

DEVELOPMENT (KY) DEPT.

LP 31/3/50

COMPANIES - Sandur Tobacco Co., Ltd., and Sandur Plantations Ltd., - Appointment of Inspectors under section 138 of Indian Companies Act, 1913 - Orders passed.

pp.1-7 and 31 cf
pp.81-82, 110 and 95-96 cf

Read:- From Sri C.S.Jadhav, Poona, petitions dated 16.12.48, 4.1.49, 22.1.49.
From the R.J.S.C., C.No.2609/49 d/26.11.49 and 7.2.50, and 22-3-50.

CNo:48482-K/49

ORDER MS. NO. 1316 DATED 31.3.50

'A' cap 25 of and [illegible] of Pun.(Pol.), 9 [illegible] Legal on pp.22-23 cf

The Government are satisfied that the affairs of the Sandur Tobacco Co., Ltd., and the Sandur Plantations Ltd., are so unsatisfactory that an investigation into their affairs is not only justified but also quite necessary. Under section 138 of the Indian Companies Act, 1913, the Govt. hereby appoint Messrs. Rowe and Pal, Chartered Accountants, 12, Thambu Chetty St., G.T., Madras, as Inspectors to investigate the affairs of the two companies. The Inspectors will be paid a sum of Rs.2,500/- (Rupees two thousand and five hundred only) towards fees for investigation of the affairs of both the companies inclusive of all expenses incidental to the investigation.

Note put up

Vide pre. M/s Rowe [illegible] cap.56 cf and p.124 cf

2. Under the proviso to sub-section (3) of section 141 of the Indian Companies Act, 1913, the entire expenses of, and incidental to, the investigation will be met by the companies concerned and shall be recoverable as arrears of land revenue.

Note put up

3. The Inspectors should submit their report through the R.J.S.C., who, while forwarding it, should offer his remarks on it. The Inspectors should also submit along with their report proposals for apportioning the costs of the investigation between the two companies on the basis of the actual volume of work involved in respect of each.

[illegible] R.J.S.C. on pp.95-96 cf

To The R.J.S.C., Madras.
Copy to Secy., Govt. of India, Ministry of States with ref. to lr.No.D.1326 P/49 d/10.3.49.

27-3-50 LP 27/3/50. 28/3/50 29-3-50

P.37 cf

CBE. Para 3; 1.9.50.

Entered as item no: 441.

~~that file may be passed on to Legal Dept~~:

It may however be stated that as the two Companies are joint stock Companies a Corp. Inspector will not be suitable for conducting a detailed investigation of their accounts. It would seem that the investigation should be undertaken by the Regr of Jt Stock Companies.

~~The file may be passed on to Legal~~

As the Sandur State has not yet merged in this Province, it seems that the R.J.S.C. cannot undertake an investigation into the affairs of the two companies under the Indian Companies Act, 1913, nor can this Govt. appoint an Inspector under Section 138 of the Act. The suggestion to appoint an Inspector under Sec. 138 of the Sandur Companies Act, may, however, be put to the R.J.S.C. and he may be asked to depute an officer of his department to enquire and report about the affairs of the Companies.

The file may be passed on to Legal.

Has the Indian Company's Act been made applicable to this State? If not how can we appoint an Inspector or how can the Regr J.S.C. depute any officer to enquire & report? The officer deputed should have the necessary statutory authority to make the necessary enquiries

Submitted. The Indian Companies Act, 1913, has not been made applicable to the Sandur State. The State has

not yet merged in the Province. The law relating to companies in the State is the Sandur Companies Act. Neither the appointment of an Inspector under section 138 of the Indian Companies Act, 1913, nor the deputation of an officer of the Companies Dept. to investigate into the affairs of the two companies in question which are registered under the Sandur Companies Act is, therefore, statutorily permissible. There, however, seems to be no objection in sparing the services of a suitable officer of the Companies Dept. (Asst. R.J.S.C., Bellary) for enquiring into the affairs of the two companies. The enquiry by that officer can be done only with reference to the provisions of the Sandur Companies Act. - Legal may be requested to advise on this point also. The file may be passed on to Public (Pol.) through Legal.

A

The Regr. should consult Govt. on this point

LEGAL DEPARTMENT

Dem. No. 10622 B-I/49-2-2-1949

0/225

ASSISTANT SECRETARY 7 FEB 1949 LEGAL DEPARTMENT

Payment of excise duty by the Company: It is stated by the Special Officer for Sandur State in paragraph 5 of his D.O. letter dated 12.1.49 (copy of which is at page 15 c.f.) that there is no provision for recovering the sum of Rs.32,000 now as an arrear overdue. This statement is obviously based upon the law in force in the State. It is not possible to offer any opinion on the correctness or otherwise of the Special Officer's statement without seeing the relevant provisions.

Return of the deposit amount of Rs.1,00,000 deposited by the State with the Company. There is no information in the case as to the terms on which the amount was deposited with the Company. It is however stated that the amount has fallen due and become recoverable. If so, there appears prima facie to be no legal objection to its recovery. The question whether steps should be taken for its immediate -

recovery or whether it can be allowed to remain with the Company will depend upon the state of the Company's affairs. It may be that steps for immediate recovery will end in a loss to the State by precipitating a crisis in the affairs of the Company. If the financial position of the Company is likely to improve in the near future and the prospects of getting the entire amount likely to become brighter, the suggestion of the Special Officer at B on page 16 c.f. may be considered.

A on page 4 ante. The legal position is as set out by Development.

3.2.49

Pub (PSL)

We may send an express letter to the Govt. of India and ask for instructions as to the course of action to be taken in the matter. In the meantime the Registrar may be consulted as suggested by Dev on page 4 ante. Please put up drafts.

AR
4-2-49

With reference to the orders above a draft letter to the Govt. of India and a draft memo to the R.J.S.C. are submitted for approval.

2. A copy of a letter addressed by Sri Chandrasen to the Collector of Bellary since received in this deptt is added to the C.F. No action is called for on it.

3. As regards A on page 4 above it is submd. that ~~xxxxxx~~ as the state is now being administered by the Col. r. of Bellary in the name of the Ruler it seems an officer of this Govt. (Asst R.J.S.C.) may be deputed by the Coll'r. on behalf of the Ruler to scrutinise the accounts of the two Companies with reference to the State Companies Regulations. This question may be examined further on receipt of the report from the R.J.S.C.

5.2.49.

AR
5-2-49

/Issued Lr.No.5920/48- 3 dated 5-2-49/
/Issued Memo No.5920/48-4 dated 5-2-49/
/From the R.J.S.C. Lr.No.7/49 dated 2-3-49/
/From the Govt. of India Lr.No.D.1326-P/49 dated 10-3-49/

Please see the references to the Govt. of India and the R.J.S.C. on pages 33-34 C.F. and their replies thereto on pages 37-39 C.F. The Govt. of India request that arrangements may be made by this Govt. to institute an enquiry into the past and present affairs of the Company under the provisions of the Sandur Law and the Enquiry Report, forwarded to them. The R.J.S.C. suggests

(i) that it is not possible to depute an officer from his deptt. to conduct the enquiry and that an Accountant enrolled on the Register of Accountants and who has experience of investigating into the affairs of the Companies may be deputed for the work and

(ii) that the cost of the investigation should be recovered from the petitioner who should be asked to deposit in advance a sum which will cover the cost of investigation.

2. Item (i) above. The suggestions may be agreed to. Development may be requested to suggest the name of a suitable Accountant for investigating the accounts of the Company.

3. Item (ii) above. It is not clear why the cost of investigation should be met by the petitioner. The State has got greater interest in the stability of the Companies and than the petitioner. It therefore seems appropriate that the cost will have to be borne by the Sandur State.

Dev. and Finance may see.

14.3.49. Cue 14.3.49. 16-3-49 dev / Fin

29229
Dev. Dept 17-3-49

Pur (Sow) 5920/49
17.3.49.

This Dept. last saw the file on pp. 3-4 above. The points raised in Pub. (Pol.)'s note above are noted on below :—

(i) Deputation of a suitable Registered Accountant for investigating the affairs of the Company.

The R.J.S.C. will be in a better position to nominate a suitable practising Registered Accountant who has experience of investigating into the affairs of the Companies. This Dept.

may, therefore, suggest that the R.J.S.C. may be asked to submit a panel of three names, from among whom the Govt. can choose a suitable accountant for appointment as Inspector to investigate into the affairs of the two companies. The R.J.S.C. may also be asked to report the remuneration required by each and the total cost, including all expenses of, and incidental to, the investigation.

(ii) Apportionment of the cost of investigation.

The R.J.S.C. has suggested that the cost of the investigation may be met by the petitioner. Under Sec. 138 (ii) of the Indian Companies Act, 1913, the Govt. may appoint one or more inspectors to investigate the affairs of a company having a share capital on the application of members holding not less than one-tenth of the shares issued, and, under sec. 138 (iv) of the Act, the Govt may appoint an Inspector on a report by the Registrar under sec. 137 (5) of the Act. Under Sec. 141(3) of the Act, all expenses of, and incidental to, the investigation shall be defrayed by the applicants, unless the Govt. directs the same to be paid by the company provided, however that the cost of the investigation held in pursuance of sec. 138 (iv) of the Act shall be met by the company and recovered as an arrear of land revenue. It is presumably on this anology that the R.J.S.C. would have suggested that the cost of the investigation may be met by the petitioner.

2. It may be stated again at this stage that, as has already been pointed out at 'A' on page 4 above, ~~that~~ an investigation into the affairs of the two companies can be done only with reference to the provisions of the Companies Act, in force in the State. No copy of the Act is available. Attention is invited to paragraphs 11-12 on page 28 c.f. The Special Officer in charge of the Sandur State administration has reported that the petitioner Sri Jadhav does not hold one-tenth of the shares 'issued' by the Company and that the materials put forth in the petition do not contain sufficient evidence to warrant an investigation under sec. 138 of the Act. He has, however, suggested that an inspector may be appointed to investigate into the affairs of the

Company as the Sandur Govt. hold more than one-tenth of the subscribed capital. The Collector of Bellary has endorsed the recommendation - vide 'R' on page 21 c.f. Apparently, both the Special Officer and the Collector recommend that the Sandur Govt. may be considered as the applicant in this case and an Inspector appointed on their representation. The position is examined below.

3. The issued share capital of the Sandur Tobacco Company as on 31.3.48 was 5 lakhs and the Sandur Govt. hold only shares worth Rs. 25,000/- which is less than one-tenth of the shares issued. There is no information as to the issued share capital of the Sandur Plantations Ltd. In the circumstances, it seems doubtful whether an Inspector can be appointed straightway to investigate into the affairs of the two companies. The question can be further examined on receipt of the information regarding the issued share capital of the Sandur Plantations Ltd. and on receipt of a copy of the Companies Act which is in force in the State.

'M' a. p. 6 4 (A) para 6 on p 2 c/f

4. The Collector has stated that the financial position of the company is reported to be precarious. The Special Officer has reported that the Mysore Companies Act is the company law which is in force in the State. It is not known whether there are provisions in that Act for the Registrar to make enquiries similar to those contained under sec. 137 of the Indian Companies Act and on which the Govt. can appoint an Inspector to investigate into the affairs of the two companies. The question can be examined on receipt of a copy of the Companies Act in force in the State.

'R' on p. 21 c/f para 11 on p 26 c/f

not p. 1 p

5. Before proceeding further, Public may be requested to obtain further information as suggested in paras 3 and 4 above and to send the file again to this Dept. with their remarks. For orders.

6. After orders are passed, the file may be returned to Pub. Dept.

Please forward

22.3.49 LP 22/3/49

UNDER SECRETARY 1856 24 MAR 49 PUBLIC DEPARTMENT

Rev. Dept. No. RO. 29229-K/49-1 dtd. 23/3/49

Please see the notes of Dev. on pages 6-8 above.

Para 1 (i) on pages 6-7 above. It is presumed that Dev. themselves propose calling for the names of the Regd: Accountants from the R.J.S.C.

Para 2 page 7 above. A copy of the Huzur Regulations for Companies in Sandur is put up.

Para 3 page 8 above. In the balance sheet of the Sandur Tobacco Company for the period ending 31-3-48 it is stated that the issued capital is Rs 5 lakhs. But in his letter dated 2-10-48 to theCollr. of Bellary the Managing Agent of the Tobacco Company has stated that the Tobaccom Company has got a share capital to the tune of about Rs.4 lakhs and that the Plantation Company has got a share capital to the tune of aboutRs.2 lakhs. Dev. want information about the issued share capital of the Plantation Company. Presumably they want accurate information. Necessary information may be obtained from the Collr. of Bellary. A draft memo is submitted for approval. Dev. may see before issue.

25.3.49. 25.3.49 27.3.49 Dev

Pol (PM) No 592/748-8 28.3.49

33643 28-3-49 Dev. Dept

Attention is invited to the note of this Dept. on pp 6-8 above and the remarks of Pub.(Pol.) above. The presumption of Public (Pol.) at 'A' above is not correct. This Dept. only suggested that the R.J.S.C. might be asked to submit a panel of three names among whom Govt. could choose a suitable accountant for appointment as inspector. Pub.(Pol.) may themselves address the R.J.S.C.

in the matter themselves.

2. The draft Memo. to the Collector of Bellary (where the slight addition also indicated in pencil is made) for Confirmation may be perused and the file passed on to Regd. Public (Pol.) Br. (The position may be examined after the necessary particulars are received from the Collector of Bellary).

31-3-49 AP

Regd. Public (Pol.)

ASSISTANT SECRETARY TO GOVT. 11 APR 1949 CHIEF SECRETARIAT

Dev. Dept. No. No. 33643-K/48-1 dt. 4-4-49 with Book entitled "Bazaris Regulations for Companies", 1944.

Public (Poll) deptt.

Please see the previous notes of this Deptt. and th of Dev. on pages 9-10 above.

2. A and M on page 9 above. A draft memo to the R.J.S.C. is submitted for approval as draft II

draft II

3. B above. The draft memo to the Collector of Bellary which has been accepted in Dev. with slight amendment may issue.

draft I

6.4.49. 6-4-49

7.4.49

[Issued Memo No 5921/48-9 d 7.4.49] p 43 F

[Memo No. 5921/48-10 d 7.4.49] p 45 F

[From C.S. Jadhav d. 7.4.49] pp 47-51 F

The proposal in this file relates to the investigation to be made into the financial position of the Sandur Tobacco Coy & the Sandur Plantation Coy It is proposed to appoint an experienced accountant to investigate into the affairs of the Companies and the R.J.S.C has been asked to submit a panel of names of 3 registered accountants so that Govt may choose from among them a suitable accountant. His reply is still awaited. A copy of the notice issued by Sri Jadhav to the Managing Agents is on pp 47-51 CR. p 45 F

Originally the subject was being

dealt with in this Dept as the Sandur State was merged. Then the administration was carried on by this Govt in the name of the Ruler now as the State has merged with the Indian Union with effect from 1.4.49, the Dept. of the State will have to deal with the matters with which they are concerned. This may therefore be transferred to Dev. Dept. for necessary further action.

Pol (PM) Dept 592-Poll-48-11

6.5.49 6.5.49

Dev Dept.

48405 9-5-49

From the R.J.S.C., C.No. 1097/49 dtd. 6.5.49
From the Collector of Bellary, C.No. 4275/49-CC dtd 8.5.49
" " " " C.No. 532/49-C.C. dtd 8.5.49

(Previous notes need not be read.)

The file relates to a proposal to investigate into the affairs of the Sandur Tobacco Co., Ltd., and the Sandur Plantations Ltd., Sandur. It has been transferred to this Dept. by Public (Political) consequent on the merger of the Sandur State with the Indian Union with effect from 1.4.49.

2. In Dec. last, Sri C.S. Jadhav of Poona, who had deposited certain sums of money with the Sandur Tobacco Co., alleged that the affairs of this Company, and the Sandur Plantations Ltd, were being mismanaged by the Directors and the Managing Agents and that the finances of the Companies were precarious and requested the intervention of Govt. Besides Sri Jadhav, many others had deposited monies with the Company, or invested in its shares. The Sandur State itself has held shares worth Rs.25,000 in each of the two Companies and also left a sum of Rs.1 lakh in deposit with the Sandur Tobacco Co. Under the terms of the

agreement entered into with the State, the Company has to pay the minimum guaranteed ~~x~~ excise duty of Rs.1 lakh. (The State, is however, ~~stated~~ said to have subsequently reduced this to Rs.30,000)

3. The reports of the Collector of Bellary and the Special Officer in charge of Sandur administration (who were consulted on the political and representation) ~~has reported~~ would seem to indicate that the Companies finances are in bad ~~xxxxx~~ shape, ~~that~~ The present Managing Agent pleads inability either to return the deposit of the State or pay the excise duty of Rs.32,000 due from the Company and ~~that he~~ has requested time for the return of the State's deposit; ~~and~~ he has also requested that the excise duty payable may be treated as the subsidy given by the State to the Company as already promised by the State. In these circumstances, the Collector of Bellary suggested that an Inspector might be appointed under Section 138 of the Sandur ~~Co.~~ Companies Act to scrutinise the affairs of the Company before deciding on further action. This question was examined by Public (Political) in consultation with this Dept. and the Legal Dept. It was agreed that, as the Sandur State had not then merged with the Indian Union, neither the appointment of an Inspector under Sec.138 of the Indian Companies Act, 1913 nor the deputation of an officer of the Companies Dept. to investigate into the affairs of the two companies which were registered under the Sandur Companies Act was statutorily permissible, but that there was, ~~however,~~ no objection to sparing the services of a suitable officer of the Companies Dept. (viz., the Asst. R.J.S.C., Bellary) to enquire into the affiars of the two companies and that such enqurry could be done only with reference to the provisions of the Sandur Companies Act. The R.J.S.C., who was consulted in the matter has, however, suggested that the work of investigating the affairs of the companies may be more appropriately entrusted to a practising Registered Accountant who has experience of such investigation, the cost of the enquiry being

met by the petitioner. The R.J.S.C. was asked to submit a panel of names of three registered accountants who have experience of investigating into the affairs of companies and to report the remuneration required by each and the total cost involved. With a view to examine more thoroughly the question of appointment of an Inspector to investigate into the affairs of the two companies, the Collector of Bellary was also asked to furnish particulars relating to the issued share capitals of both the companies. The reports received from the R.J.S.C. and the Collector of Bellary are on pp.53-59 c.f.

4. The Govt. of India, who were consulted by Pub. (Poll) as to the course of action to be taken in the matter, have suggested that the Provincial Govt. may arrange to institute an enquiry into the past and present affairs of the companies under the provisions of the relevant State laws and that the enquiry report may be sent to them. The Sandur State has since been merged with the Indian Union with effect from 1.4.49. and powers for the administration of the State have been delegated to this Govt. by the Govt. of India under the Extra-Provincial Jurisdiction Act, 1947. As a result, the R.J.S.C., Madras, who is the Head of the Dept. of Jt. Stock Companies in this Province, has become responsible for the administration of the Companies law in the Sandur State with effect from 1.4.49. The Mysore Companies Act, 1938 (which was an adoption of the Indian Companies Act, 1913) is the law relating to the companies in force in the Sandur area under the name of "Sandur Companies Act, 1943". The Sandur Companies Act, 1943, continues to be in force in the State until it is superseded by the Indian Companies Act, 1913, which is the Act in force in this Province, and, until such time, all matters relating to companies in the State have to be dealt with in accordance with the provisions of the Sandur Act.

14

2. Under Section 138 (ii) of the Sandur Companies Act, 1943, the Govt. may appoint one or more inspectors to investigate the affairs of a company having a share capital, on the application of members holding not less than one-tenth of the ~~xx~~ shares issued and under Section 138 (iv) of the Act, the Govt. may appoint an Inspector on a report by the Registrar under Sec. 137 (5) of the Act. With reference to the case in question, it seems ~~xx~~ that this Govt. are competent to appoint an Inspector to investigate into the affairs of the two companies under section 138 of the Sandur Companies Act, 1943, either on the application of members holding not less than one-tenth of the shares issued or on a report by the Registrar under Section 137 (5) of the Act. It was reported by the Special Officer in charge of the Sandur State administration that the petitioner Sri C. S. Jadhav does not hold one-tenth of the shares issued by the companies. The issued share capital of the two companies is Rs.5,00,000/- each and the late Sandur Govt. held shares worth only Rs.25,000/- in each. Even if the late Sandur Govt. were considered to be the applicants in this case, it would not be possible to proceed under Section 138 (ii) of the Act as the shares held by them are less than one-tenth of the shares issued by the companies. In the circumstances, action under Section 138(ii) of the Act does not seem feasible.

Section 137(6) of the Sandur Companies Act provides that "if it is represented to the registrar ~~xxxxx~~ in materials placed before him by any contributory or creditor that the business of a ~~Company~~ company is carried on in fraud of its creditors or in fraud of persons dealing with the Company or for a fraudulent purpose, he may, after giving the Company an opportunity of being heard, by written order call on the Company for information or explanation on matters specified in the order within such time as he may specify in the order".

In view of the serious nature of the allegations made against the two companies in question, it seems open to the R.J.S.C. to call for information or explanation from the companies under Section 137(6) of the

D.C 93

Act and to make a report to Govt. The R.J.S.C. may perhaps be instructed to proceed under section 137(6) of the Act. The question whether an Inspector need be appointed to investigate the affairs of the two Companies may be considered after the report from the R.J.S.C. is received. Pub (Pol)). and Legal may see for remarks.

A

20/5/49. 20.5.49

A

Enquiry under S 137(b) of the Act would seem most expedient.

UR.
20/5

Pub / Legal.

S. Dept. No. NO: 48482-K/49-2 dtd-31.5.49 with copy of Hubin Regulations for Companies issued by the Sandur State.

ASSISTANT SECRETARY TO GOVT. 3457 8 JUN 1949 CHIEF SECRETARIAT

KEGAKXREPARTMENT.

Public (Political) department.

Summarising note of the development dept. para p. 11 ante may be perused. The proposal at A above may be agreed to and the file passed on to Legal.

8/6/49. Case 8.6.49. 10/6/49

Legal

Pub(Pol)/49 3457/49-1 10.6.49

LEGAL DEPARTMENT.

T.L.R (I A) Action maybe taken under Section 137(6) of the Sandur Companies Act as proposed by Development at A above.

(with Hubin's Regulations for companies)

13.6.49 Dept

62921 15-6-49.

ASSISTANT SECRETARY 7295 11 JUN 1949

Pol. Dept. Hubin Regulations for companies Legal U.O. 7295/49-1

Dev. Dept.

Summarising note of this Dept. on pp. 11–15 above and the remarks of Pub. (Pd) and Legal on p. 15 above may be perused. A draft Memo. to the R.J.S.C. is submitted for approval

16.6.49 17.6.49

The draft memo below may be approved.

23/6

23/6 Min. Copy of Mysore Regulations for companies.

HM (Ind)

(Issued as Memo. No. 48282-K/49-3 dt. 23-6-49)

From the Dy. Minister, External Affairs, Govt. of India, letter dated 11-10-49. p. 71 cf

Attention is invited to the D.O. and its enclosure letter/from the Deputy Minister for External Affairs, Govt. of India, addressed to the Hon'ble Minister for Finance, on pp. 71 and 75 cf. regarding the Sandur Tobacco Co., Ltd. and the Sandur Plantations Ltd. Agencies. On a complaint received from Sri C.S. Jadhav of Poona regarding the affairs of the above mentioned Companies, the legal aspects of the courses of action to be taken in the matter have been examined in this Dept. and it has been decided that an enquiry should be held under Sec. 137(6) of the Sandur Companies Act, 1943. The R.J.S.C. has accordingly been instructed to make an enquiry into the affairs of the two Companies under Sec. 137(6) of the Sandur

Vide note on pp 11–15 above p. 65 cf

not put up p. 65 cf

Companies Act, 1943, and to submit a report to the Govt. The report from the R.J.S.C. is awaited.

2. A copy of the statement on p.75/c sent by the Dy. Minister for External Affairs may be forwarded to the R.J.S.C. for report in continuation of this Dept. Memo. on p. 65/c. Subject to orders, a draft Memo. to the R.J.S.C. is submitted for approval.

3. The Dy. Minister for External Affairs has asked for a reply. He may, perhaps, be apprised of the present position of case. A draft D.O. is submitted below for consideration. For orders whether it may issue in the name of H.M. (Finance).

4. After issue of the draft Memo., the files may be circulated to HM. (Finance).

28.10.49 28/X/49

Issued on 29.10.49.

(Issued as Memo. No. 48482-K/49-7 dt. 29-10-49)

From the R.J.S.C., C.No.2609/49 dt. 26/11/49

SECRETARY TO GOVERNMENT 4 NOV 1949 DEVELOPMENT DEPARTMENT

The file relates to the investigation into the affairs of the Sandur Tobacco Co., Ltd. and the Sandur Plantations, Ltd., which are carrying on business in Yeshwantnagar and Sandur respectively within the limits of the merged State of Sandur. On a complaint received from one Sri C.S.Jadhav, a shareholder of the Company in Poona, regarding the affairs of the above mentioned companies, the question of investigating the affairs of both the companies was examined in this Dept. in consultation with Pub. (Pol.)

and Legal and it has been decided that an enquiry into the affairs of the two companies should first be held by the R.J.S.C., Madras, under section 137 (6) of the Sandur Companies Act, 1943, which is the law relating to companies in force in the merged State. The typed note of this Dept. on pp. 11-15 above sets out the facts relating to the case. In Memo. No. 48482-K/49-3 dated 23.6.49, the R.J.S.C., was ~~accordingly~~ instructed to proceed under section 137 (6) of the Sandur Companies Act, 1943, and to submit a report to the Govt. on his findings. The Registrar has now reported that he is satisfied that the affairs of both the companies are in an unsatisfactory state and are carried on fraudulently and that the appointment of an Inspector to investigate further into the affairs is necessary. Under section 138 (iv) of the Sandur Companies Act, 1943, the Govt. may appoint one or more Inspectors to investigate the affairs of a company on a report by the Registrar under section 137 (6) of the Act. In view of the unsatisfactory state of affairs of both the companies, as revealed by the enquiry conducted by the R.J.S.C. under section 137(6) of the Act, the appointment of an Inspector under sec. 138 (iv) to investigate further into the matter would seem ~~most~~ expedient.

2. As regards the expenditure in connection with the investigation, it is submitted that, with reference to the proviso to sub-section (3) of section 141 of the Act, all expenses of, and incidental to, the investigation shall have to be paid out of the assets of both the companies. With his letter dated 6.5.49, the R.J.S.C. had submitted a panel of four names of Chartered Accountants for appointment as Inspector to investigate into the affairs of the two companies. Of these, the offer of Messrs. Rowe and Pal is the cheapest. It is, however, ~~submitted~~ seven months since that letter was sent and it is not sure whether they will agree to undertake the work on the same remuneration. It seems, therefore, better, to ascertain it from them. It

p 81 cf

is now for orders whether the recommendation of the R.J.S.C. that the appointment of an Inspector to investigate further into the affairs of the two companies is necessary will be accepted and, if so, whether he may be asked to ascertain whether Messrs. Rowe and Pal would be willing to accept the appointment as Inspectors on the remuneration proposed by them in May last and, if not, to submit to the Govt. a fresh panel of names of three experienced Chartered Accountants suitable for appointment as Inspectors and to report the remuneration required by each and the total cost of the investigation involved.

p. 54 cf

3. As the Indian Companies Act, 1913, has not yet been extended to Sandur State, the Sandur Companies Act, 1943, which is the law relating to companies in force in the State, still continues to be in force. The R.J.S.C. has, therefore, stated that an Inspector to investigate into the affairs of the two companies can be made by the Govt. only after the Indian Companies Act, 1913, is extended to the Sandur State. Legal have stated, in another connection, that, unless the R.J.S.C., Madras, is appointed as Registrar under section 248 of the Sandur Companies Act, 1943, he cannot be regarded as such. In view of the fact that no retrospective effect could be given to any orders empowering the R.J.S.C. to function as Registrar under the relevant State laws and in view of the fact that the Indian Companies Act, 1913, will be extended to the State with effect from 1.1.50, no such appointment has been made. But it does not seem to preclude the Govt. from appointing an Inspector to investigate into the affairs of the two companies under section 138 (iv) of the Sandur Companies Act, 1943. Legal may advise. The remarks of Public (Pol.) and Legal may be invited.

'M' on pp 81-82 cf

par 1 of Legal D'pt's n/s on 13 n/f of linked file. (Cno. 45/FE1-DK/49)

M on p. 13 n/f of L.F.

vide 1st pt. note on p 14 n/f of L.F.

5.12.49 7/12/49

Further action in this file may await the extension of the Indian Companies Act to this State

M 16-12-49.

C.F 5/12

With reference to the orders above,

10

it is submitted that the Indian Companies Acts, 1913, has been extended to the merged States of Sandur along with other Central Acts with effect from 1-1-50 by Central Act LIX of 1949. Attention is invited to para 2 of the R.J.S.C's letter on p. 82 c/f. The further report promised therein may be called for from the Registrar. The Registrar may also be asked to state whether the panel of names of ~~Chartered accountants~~ ~~registered~~ accountants submitted with his letter dated 6-5-49 may be considered for appointment as Inspectors to investigate into the affairs of the two Companies in question. Subject to orders, a draft Memo. to the R.J.S.C. is submitted for approval.

5.1.50 5/1/50 6/1/50

(Issued as Memo. No. 48482-K/49-9 dy. 6/50)

From the R.J.S.C., C.No. 2609/49 dy. 7-2-50.

M The file relates to the proposal to appoint an Inspector under section 138(iv) of the Indian Companies Act, 1913, to investigate into the affairs of the Sandur Tobacco Co., Ltd., and the Sandur Plantations Ltd. The Sandur Tobacco Co. Ltd. and the Sandur ~~Tobacco~~ Plantations Ltd. were registered as public companies on 11.8.45 and 16.4.46 respectively in the Sandur State (since merged with Madras State) under the Sandur Companies Act, 1943. On a complaint received from one Sri C.S.Jadhav, a shareholder of the company in Poona, regarding alleged mismanagement of the affairs of the two companies, the question of conducting an investigation into their affairs was examined in this Dept. in consultation with Public (Pol.) and Legal Depts. and it was decided that an enquiry into the affairs of the two companies should be held in the first instance by the R.J.S.C., Madras, under section 137 (6) of the Sandur Companies Act, 1943. The R.J.S.C. was, accordingly, instructed to proceed under section 137(6) of the Sandur Companies Act, 1943, and to submit a report to the Govt. on his findings. The Registrar has now submitted his report on his findings - vide pp. 85-91 c.f.

2. The ~~main~~ allegations against the two companies are:

(i) that one Rao Sahib P.I.Patil, who originally started a

proprietory concern in the State under the name of 'Sandur Tobacco Co., Ltd.' and incurred heavy loss thereby, formed these two companies with a view to transfer the loss to them; that he was managing agent of both the companies under the name of J.B. and Sons for sometime and that later on he transferred his managing agency to Messrs. A.D.Sampath & Co. to relieve himself of the liabilities for the debts and losses incurred by the companies;

(ii) that, as managing agent of the two companies under the name of 'Messrs. J.B. & Sons', Rao Sahib P.I.Patil spent lavishly the companies' funds and did not maintain proper accounts;

(iii) that the directors of the companies neglected the administration of the companies though they took particular care to safeguard their deposits in the two companies;

(iv) that the prospectuses issued by the companies were misleading; and

(v) that the general state of affairs of both the companies was very unsatisfactory.

In paras 3 to 12 of his letter on pp. 86-90 c.f., the R.J.S.C. has examined in detail each of the allegations referred to above. From the facts revealed by his enquiry, the R.J.S.C. has concluded that the allegations appear to be true, that, from year to year, the companies' liabilities have increased and assets have been mortgaged and that, at this rate, the companies are bound to come to grief ere long if the present state of affairs is allowed to go on un-checked. The Sandur State also held shares worth Rs. 25,000/- in each of the two companies and also left a sum of Rs. 1 lakh in deposit with the Sandur Tobacco Co. Ltd. The deposit amount has not been paid so far though it has become repayable. The R.J.S.C. considers that the affairs of the two companies should be thoroughly investigated and has, accordingly, recommended that an Inspector may be appointed under section 138(iv) of the Indian Companies Act, 1913 (since applied to Sandur) to investigate into the affairs of both the companies. The Registrar has stated that the costs incidental to the investigation are recoverable from the companies as arrears of land revenue under section 141 (3) of the Indian Companies Act, 1913.

3. The R.J.S.C. previously submitted a panel of four

names of Chartered Accountants for appointment as Inspectors to investigate into the affairs of the two companies. He has now reported that only three of them , viz., Messrs. R.G.N.Price and Co., Messrs. Sastri and Shah and Messrs. Rowe and Pal have signified their willingness to take up the work. The remunerations required by each of the ~~above~~ three Auditors are given below:

(i) Messrs. R.G.N.Price & Co. Rs. 7,500/-

(ii) Messrs. Sastri and Shah Rs. 8,000/-

(iii) Messrs. Rowe and Pal Rs. 2,500/-

Of these, the offer of Messrs. Rowe and Pal is the lowest.

4. In view of the unsatisfactory state of affairs of both the companies as revealed by the enquiry conducted by the R.J.S.C. and in the interests of the shareholders and depositors who invested large sums of moneys in both the companies, it is for orders whether the recommendation of the R.J.S.C. that an Inspector may be appointed under section 138(iv) of the Indian Companies Act, 1913, will be accepted, and, if so, whether Messrs. Rowe and Pal will be appointed as Inspectors.

5. Public (Pol.), Legal and Finance may see for remarks, if any, before circulation.

Notes from M on p. 20 ante maybe perused. This dept. may agree with A above. The file maybe passed on to Finance.

The matter of Dept from p. 20 above may be perused. The proposal at A above may be agreed to in this Dept. The cost of appointment is also ultimately recoverable from the Companies - cf B on p. 21 above.

Legal

No 48482-K/49

LEGAL DEPARTMENT.

There is no legal objection to the appointment of an inspector to investigate the affairs of the two companies under sec.138(iv) of the Indian Companies Act. The Registrar's report at pp85-91cf which has been made under s137(5) discloses an unsatisfactory state of affairs in both the companies. The appointment of an inspector to investigate the affairs of the companies under s138(iv) is not only justified but also ~~xxxx xx~~ quite necessary, in the circumstances reported.

Legal No. 333/C/50
8-3-50.

D2x.1

20304

10-3-50

10 MAR 1950

DEVELOPMENT DEPARTMENT

8.3.50

Dev

Development Department.

Notes from 'M' on page 20 above may be read. A draft order appointing Messrs. Rowe and Pal as Inspectors under section 138~~(iv)~~ of the Indian Companies Act, 1913, to investigate the affairs of the Sandur Tobacco Co., Ltd. and the Sandur Plantations Ltd. is submitted below for approval. For orders whether it may issue.

It is proposed to recover Rs 1500 from the two Cos. What is the basis of each? Should there not be separate fees?

13.3.50 13/3/50 13/3/50

With reference to A.S.'s query above, it is submitted that the R.J.S.C. has not stated anywhere in his report at 85-91 cf as to how the costs incidental to the investigation have to be apportioned between the two companies. He may be consulted on this point. Subject to orders, a draft Memo. to the Registrar is submitted below for approval.

13/3/50 14/3/50 14/3/50

DD 93-94 cf

(Issued as Memo. No. 48482-K/4912 dtd. 14.3.50)

24

R No 4582-K/47

Govt.

From the R.J.S.C., No. C.2609/49 dated 22-3-50. pp 95-96/C

Notes from "M" on p. 20 above may be read.—Public (Pol), Finance and Legal Depts. agree to the proposal of this Dept. at "A" on p. 22 above to appoint M/s Rowe and Pal as Inspectors to investigate the affairs of the Sandur Tobacco Co., Ltd., and the Sandur Plantations Ltd., under section 138 of the Indian Companies Act, 1913.

As regards the ~~appointment~~ apportionment of the costs of the investigation between the two companies, the R.J.S.C. has stated ~~pp 95-96/C~~ that the affairs of the two Companies are so interconnected that it may not be possible at this stage to assess the actual volume of work involved ~~in respect of each~~ and the expenses ~~that will have~~ to be incurred ~~with regard to the~~ in respect of the investigation of the affairs of each Company and that the Inspector proposed to be appointed may be directed to apportion the costs of investigation between the two companies on the completion of the investigation. For orders whether the recommendation of the Registrar will be accepted. Subject to orders, a ~~Revised~~ draft order is submitted below for approval.

29/3/50

27-3-50 27/3/50 29/3/50 29.3.50

30/3/50

(Issued as G.O. Ms. No. 1316 dt. 31-3-50)

SECRETARY TO GOVERNMENT
31 MAR 1950

I Kulkarni papers (M) 25

Copy of Balance Sheet annexed to the agreement entered into between The Sandur Tobacco Co.,Limited and Rao Sahib Sri P.I. Patil.

The Sandur Tobacco Company Yeshwantnagar Sandur
Balance Sheet at 31st August 1946.

Liabilities.

Deposits with interest Accured ..	Rs.	6,33,587 7 0
Creditors outstanding ..	Rs.	15,750 0 0
Sundry Credits	Rs.	2,118 2 6
----- . ..	Rs.	6,51,255 9 6
..	Rs.	6,51,255 9 6

Property and Assets.

Fixed capital expenditure.

Land and Building ..	Rs.	2,64,206 14 9
Well work ..	Rs.	4,982 9 6
Machinery with spare parts ..	Rs.	1,05,778 5 6
Tobacco Purchase ..	Rs.	1,06,193 8 3
Interest ..	Rs.	20,238 0 0
Preliminary Expenses ..	Rs.	15,000 0 0
Stocks ..	Rs.	51,878 5 9
Advances against Machinery ..	Rs.	17,490 0 0
Furniture and Fixture ..	Rs.	3,237 0 3
Book Debits and Advances ..	Rs.	12,184 13 3

Establishment Expenses Capitalised.

Salary	Rs. 32,247 10 2		
Postage and Telegrams.	Rs. 509 5 6		
Stationery ..	Rs. 396 5 3		
Travelling Exp. ..	Rs. 8,722 2 9		
House rent ..	Rs. 973 10 10		
Audit fee ..	Rs. 750 0 0		
Other expenses ..	Rs. 1,372 10 3		
	---------- ..	Rs.	44,971 12 9
Cash on hand ..		Rs.	5,094 3 6
		Rs.	6,51,255 9 6

We have audited the Balance Sheet of The Sandur Tobacco Company as at 31st August 1946 and report that we have obtained all the information and explanations we have required. In our opinion the above Balance Sheet exibits a true and correct view of the company's state of affairs according to our information and the explanations given to us, and as shown by the books of the company. We have verified the cash balance and the investments of the company.

Sd.S.G.Mandre and Co.
(Dr.S.G.Mandre, B.A.,R.A.Ph.D.,F.S.A.A(London)
Incorporated Accountants and Auditors(Lordon)
Registered Accountants,
Bombay, Dated

S/D P.I. Patil,
Proprietor,
The Sandur Tobacco Co.,

(True Copy)

P.T.O.

Copy of Balance Sheet annexed to the agreement entered into between The Sandur Plantations Company and Rao Sahib Sri P.I. Patil.

The Sandur Plantation Company, Sandur. Balance Sheet of the Company standing as on 30th June 1947. Capital and liabilities.

...

Capital From Rao Saheb P.I. Patil	Rs.	3,77,341	13 6
M/s. Chamundi Construction Company	Rs.	1,12,500	0 0
Preliminary expenses (outstanding)	Rs.	10,000	0 0
Sundry creditors ..	Rs.	5,761	3 0
Interest outstanding	Rs.	16,153	14 0
Total ..	Rs.	5,21,756	14 6
Totals. ..	Rs.	5,21,756	14 6

Certified to be true copy
For The Sandur Plantation Co.,
Premchand Ichharam Patil
Proprietor.

....

Property And Assets.

Lands own.				Rs. 3,880	0	0	
Lease Hold lands:-							
Nandhihally	Rs.21,395	1	0				
Raghapur	Rs.11,666	1	6				
Siddapur	Rs.29,384	7	0				
Other Centres	Rs. 893	4	6	63,338	14	0	
				67,218	14	0	
Add cultivation exp.capitalised.				15,163	6	9	
						Rs. 82,382	4 9
Wells works.							
Nandhihally	Rs. 6,734	4	0				
Raghapur	Rs. 4,363	5	6				
Siddapur	Rs.11,821	12	6				
Other Centre.	Rs. 398	1	6				
						Rs. 23,317	7 6
Buildings and Barns.							
Court building	Rs.21,949	2	0				
Barns construction	166,000	0	0				
Materials (barn) etc.,	Rs.24,758	7	0				
						Rs.2,12,707	9 0
Preliminary expenses						Rs. 10,000	0 0
Materials and capital stores						Rs. 34,950	8 4
Agricultural machinary.						Rs. 16,804	6 0
Live stock						Rs. 6,312	5 6
Motors and Vehicles.						Rs. 13,744	8 0
Furniture and Fixture.						Rs. 1,518	5 2
Consultation and survey charges.						Rs. 7,863	3 6
Stock of produce.						Rs. 49,528	8 2
Interest amount accured.						Rs. 16,153	14 0
Sundry Debtors.						Rs. 7,392	12 4
Advances and suspenses.						Ps. 8,620	15 4
Establishment expenses.						Rs. 23,472	10 7
Cash balance.						Rs. 249	3 10
Nett loss carried.						Ps. 6,738	4 6
						Rs.5,21,756	14 6

We beg to report that we have audited the balance sheet of the Sandur Plantation, Sandur as at 30th June 1947 as above set-forth with the books and vouchers of the company, and have obtained all the

P.T.O.

27/3

information and explanations we required. In our opinion the above set forth balance sheet is drawn up ~~x~~ in conformity with the law and exibits a true and correct view of the company. Financial affairs, to the best of our information and explanations given to us and as shown by the books. In our opinion the books of accounts of the company have been kept as required by law.

(Sd.) S.G. Mandre & Co.,
(Dr.S.G. Mandre,B.A., R.A.P.Hd., F.S.A.A.(Lond)
Incorporated Accountants and Auditors (London).

For the Sandur Plantation Co.,
(Sd.) P.I. Patil,
Proprietor.

(True Copy)

* * * *

III

The list of present directors (of the Sandur Tobacco Co.Ltd.)

1.	Rao Saheb P.I. Patil	Savda (Ex-Managing Agent)
2.	Vittalrao S.Lad., Esqr.,	Sandur
3.	Shrimant D.B. Raje Chorpade	(State Director)
4.	Mr.L.N. Deshpand (representative of Rajasaheb of Kurunwad Jr State)	
5.	Mr.Paripatti Venkatarathnam	Guntur.
6.	Mr.V.B. Jahagirdar.	Nagpur.
7.	Mr.Jamnadas Hansraj.	Bombay.
8.	Mr. Amritlal P. Seth	-do-
9.	Mr.N.H. Gokruwalla	-do-
10.	Mr.Gokuldas D.Sampat	-do- (Ex-officio)
11.	Mr.Puroshotam B.Ruparel	-do- -do-
12.	Mr.A.D.Sampat.(Present Managing Agent)	

The Sandur Plantations Limited, Sandur.

List of the directors of the company as at present.

1.	Rao Saheb P.I. Patel.	Banker and landlord (Ex-managing agent) Savda (W.K.)
2.	Mr.Jayavantarao V.Patil	-do- -do-
3.	Mr.Vittalrao S.Lad.	Sandur (Ex-officio)
4.	Mr.Vasudeva Laxaman Joglekar, 48 Shukruvarpeth Poona-2.	
5.	Shrimant Sardar D.B.Raje Chorpade, Sandur (Representative of the State defunct).	
6.	Mr.Chagan Ramachand Doshi, Merchant, Poona.	
7.	Mr.Mahadeva Raghanath Jog 732, Shukruvarpeth, Poona.	
8.	Mr.G.D. Sampat.	Bombay. (Ex-officio)
9.	Mr.A.D.Sampat.	Bombay. Managing agent
10.	Mr.Jamnadas Hansraj.	Bombay.
11.	Mr.Nanubhai H.Gokruwalla	-do-
12.	Mr.A.P.Salhe	-do-

(True Copy)

* *

IV.

Copy of explanation of the Sandur Tobacco Co.Ltd. (Yeshwantnagar) Sandur, dated the 7th October, 1949.

Ref: Your letter No.152 K/49 dated 29th September, 1949.
Our reply No.803/49 dated 3rd October, 1949.

....

Your letter dated the 29th ultimo,demanding explanation in connection with certain allegations against the company has been forwarded to me for its proper reply by our Yeshwantnagar office and in reply I beg to state seriatim as under:

2 I am not fully aware as to whether Mr.P.I. Patil the founder owner of the company sustained heavy losses in the beginning, However, one thing is sure that the proprietory concern of Mr. P.I. Patil was transferred or say handed over to the limited concern (this company) in its then existing condition. This means the profit or loss ~~whether~~ whether whatever it was, was transferred to this company.

This was done long before in the early stage of the company's birth. Apparently the balance sheet of the proprietory concern of Mr.P.I. Patil transferred to the company did disclose a considerably good amount of loss which can be taken either as preliminary expenses or as profit and loss account.

4, Certain irregularities were found by me in the accounts after my taking over the possession of the company during the course of the last year and Mr.P.I. Patil and the auditors M/s.S.G.Mandre & Co., were called upon to give their explanations in connection with certain discrepancies. The matter was then put before the Board as well as before the shareholders by me and it was decided that re-examination of the accounts should be carried out by M/S. B.M. Mehta & Co., the auditors at Bombay. The representatives of M/S. B.M. Mehta & Co., are still at Yeshwantnagar carrying on their inspection and I will be quite in a position to throw better light on the subject after their examination is over.

4 Personally I am of belief and there are reasons supporting my belief that the directors of the company did know for certain that the company was not running well and was making losses and yet they neglected the safety of the investing public. Of course there are many other factors which come to the side of the directors supporting their views of running the company in its deteriorated position.

5 I do not know on what understanding withthe state the Directors floated the two companies and it is not possible for me at this moment to say anything about their intention at the time of issuing the prospectus of the company. However, it would have been in order if the directors of the company at the time of publishing the prospectus had mentioned the intention of the company to purchase the existing proprietory concern of Mr. P.I. Patil just for the knowledge of the investing public.

6 The question of merging the state was in nobody's mind at least not in my mind when I first inspected the factory in May 1948. Before my negotiations with the ex-managements of the company regarding the transfer of managing agency to me were on point of materialising and to come to an end I met the ruler of the State and got my arrangement confirmed by him. Apart from that the then first member of state was practically all the time present during the course of the negotiations as ~~xxxxxxxxxxxxxxxxxx~~ also in the directors meeting when the transfer of managing agency was accepted by the directors. Practically all the directors were present except one or two and it is not a fact that the transfer of managing agency was accepted by few directors only. I do not know what was there in their mind in transferring this managing agency to me but as far I am concerned I did with purely honest intention of business purposes. Of course the affairs of the company are not such as were represented to me. However, on coming in the picture I wanted to adjust everything properly and put the company in order instead of throwing the company to its fate thinking that the affairs of the company ~~x~~ were absolutely different than ~~x~~ what they had intimated to me.

7 It is absolutely a fact that majority of the directors were the depositors of the company. I never knew that most of the directors at the time of transferring the managing agency to me took in writing from Mr.P.I. Patil an assurance that in case the company failed to refund their deposits Mr. P.I. Patil would be personally responsible for that. This fact I came to know after a long time when some of the directors having already the assurance about the safety of their deposits were not prepared to come to any reasonable agreement with the company regarding the deposits. As a matter of fact full assurance was given to me by Mr. P.I. Patil and other directors who were depositors too, about their full co-operation with me in running the company smoothly and accepting any reasonable proportion in connection with the squaring by the deposit amount.

taken in writing from Mr P I Patil

8 I do not know whether company was accepting the deposits before the commencement certificate was obtained.

9/ Being in charge of the management I tried my best and I am still trying to bring an amicable settlement between the depositors and the company . It is a fact that Mr.Jamnadas Hansraj one of the directors of the company having his business in Bombay in name of M/S. Hansraj Varji & Sons did give hundies to some of the persons of POONA and these Hundies are still lying dishonoured. As a matter of fact Mr.Jamnadas was quite solvent at the time of giving hundies to these persons but unfortunately he met heavy losses subsequently and hence would not met the payment of Hundi amount paid by Mr.Jamnadas and my efforts are just on the point of being materialised and I am hopeful that the first instalment of the Hundies will be met very shortly. It is just possible that suspicion may arise that myself in collusion with Mr.Jamnadas have tried to deprive the depositors of their legitimate dues of settlement at the rate of 6 annas, but to be very frank enough it is not so. I have tried earnestly and honestly to bring an end of all these confusions and see that the companies run with new spirit. If my attempts to satisfy the depositors who have already agreed by paying them of their dues and if the remaining depositors who are very few in number accept the settlement I think there will no troubles in future for both the companies to go ahed smoothly.

10/ I think I have given my explanation quite exhaustively and if any further informations are required the said will be submitted to you with pleasure.

* * * (True Copy) * * *

V.

Report by Mr.V.S. Mokashi, B.Sc., Income Tax Consultant and Mr. G.T. Wadekar, B.E., of the Inspection of accounts of the Sandur Tobacco Company Ltd. and the Sandur Plantations Co.,Ltd. to the depositors of the companies.

.....

We both were asked by the depositors of these companies in their meeting held on the 4th July 1948 to visit Sandur and to take an inspection of the account books, documents and papers of the companies. Accordingly we took letters of authority from the directors Messrs. D.D. Bahulikar and G.L. Dhekne and also letters of introduction from Mr.A.D. Sampat to the officers in charge of the companies. We reached Sandur on the 14th instant and requested the officers incharge to give us the necessary documents, account books and papers for our inspection. We were not supplied with the following papers:-

(1) Any papers, correspondence, bills, vouchers etc. of M/s. The Chamundi Construction Company for the construction of the buildings of the companies.
(2) Letter of resignation of Rao Sahib Patil.
(3) Any vouchers supporting the account books.
(4) The deposit receipt book of the Sandur Tobacco Company Ltd.
(5) The draft of the Deed of Conveyance approved by the board of directors in the meeting of 29-8-1947.

We started from Sandur for Poona on the 17th instant.

2. Thus, we had hardly three days at our disposal and that too we had entirely to depend on the office for the supply of papers at their convenience. But with all this we carried on our work and we are placing before you some of the observations of our inspection.

3. Rao Sahib P.B. Patil and Mr.V.S.Lad, appear to have started the Sandur Tobacco Company, a private concern, on 16-7-1945, with a capital of Rs.15000/- of Rao Sahib Patil, and Rs.1500/- of Mr.V.S.Lad. This firm was called the Sandur Tobacco Company. All the work of construction of the buildings, purchases of tobacco, purchases of machinery, deforestation of lands, development and cultivation was carried on by this firm. This was entirely financed by Rao Sahib Patil. Being his proprietory concern, there does not

appear to be any control on the expenses by this firm, and also the purchase prices of machinery. Tobacco, etc., do not seem to be competitive. Of course we did not get any correspondence of the inquiries made by Rao Sahib Patil before making these purchases. It is also not seen from the material we had that such huge purchases were necessary at the time when they were made. We can confidentially say that the expenses incurred by this proprietory concern, were uncontrolled, lavish and extravagant. We may only point out certain expenses:-

(A) Journal page	3:	Rs.997	T.A. to D.Bhasker.
"	4:	396	-do-
"	5:	447	-do-
"	5:	500	Salary to D.Bhasker.
"	6:	368	T.A. to D.Bhaskar.
"	9:	5900	Fees of consultation charges etc.etc. go D.Bhaskar.
"	13:	663	T.A. to D.Bhaskar.
"	13:	2425	Salary and remuneration to D.Bhaskar.
"	19:	436	T.A.to D.Bhaskar.
"	20:	2250	Salary to D.Bhaskar for January and Feb.1946.
"	28:	448	T.A. to D.Bhaskar.,
"	29:	3000	Salary D.Bhaskar.
"	41:	4500	-do-

(B) From cash book dated 8-6-46 Rs.505/ T.A. to L.S. Kulkarni from Bombay to Sandur.

Cash book dated 8-6-46: Rs.411 L.S. Kulkarni Trip to Bangalore, including Rs. 78/ for taxi fare.

-do- 11-2-46: Rs.731 Expenditure of Pahajan from 18-1-46 to 3-2-46.

Of course, these are some of the items we could check from the account book, in the absence of vouchers or bills.

(4) All these amounts paid to D.Bhasker, were upto the date 31-8-46, when the company had absolutely no business or it is not seen that they had done any manufacturing business during this period. It appears that Rao Sahib was pouring in money from outside in Sandur and he does not seem to have exercised his personal control over the huge sums spent. The travelling expenses, telegrams and also the general expenses, leaving aside the other items of expenditure to which we had no access to verify, prove without doubt that none cared for money spent in any way.

(5) This is the state of affairs in short and with the material we had at hand of the Sandur Tobacco Company upto the date of transfer. After that there are separate books of accounts maintained for the Sandur Tobacco Company Ltd. and the Sandur Plantations. In these account books are brought over the same balances of the various accounts from the account books of the proprietory concern of Rao Sahib.

(6) It is quite obvious from the material we have that the transfer of the proprietory concern to the limited company is not a sale. The whole thing is painted to be a succession in business from one party to another. It is also seen that Rao Sahib Patil prepared the balance sheet of his proprietory concern upto 31-8-1946.

(7) The company actually passed a resolution on 29-8-47 confirming the transfer of the proprietory concern of Rao Sahib Patil to the limited company in their meeting No.7. But the actual transfer had already taken place according to the balance sheet dated 31-8-1946, on 21-1-1947. The resolution of 29-8-1947 is materially and fundamentally different from the res.No.12 of 6-1-46. This according to our opinion was an act of illegality and the company had no authority to take such charge without the sanction of the Board of Directors on the date when the charge was taken. The resolution No.12 dated 6-1-46 of the first meeting of the Board of Directors is ultra-vires. By this resolution the company does not get any right or authority to transact any business with Rao Sahib Patil as it was passed before the

31/3

date of the commencement certificate which was obtained on 6-9-46. Moreover again there is one important fact to be remembered that even though the company had taken charge of the proprietory concern of Rao Sahib Patil on 6-9-46 as shown in the deed of conveyance dated 26-6-1948, the question remains as to who were the managing agents of the company on 6-9-1946. The company appointed managing agents on 17-10-46 by an agreement. The facts committed by any person or firm before this date as managing agents are illegal and not binding upon the company. Naturally we are of opinion that whatever may be the liabilities the company has taken on the strength of this resolution are ultra vires. We may mention here even taking for granted that the company had such authority the charge was take according to the balance sheet of 31-3-46 without making thorough inquiry and even without the least verification of the assets shown in the balance sheet. We may give some instances.

(a) The stocks of tobacco, lying at Bangalore and Kolhapur, were not verified. No inquiry was made as to their market prices or as to their utility and also their necessity at the time.

(b) The machinery was not examined by any expert or the prices asentained.

(c) The lists of various articles prepared were accepted without actually verifing the articles in stock.

One thing here, that the balance sheet was prepared upto 31-3-46, the charge was taken on 21-1-47, according to ~~which~~ all these articles were kept under a seal from 1-9-46 to 21-1-47 when the charge was delivered. Moreoever, the company, if at all entered into the contract of taking over the charge of the propreitory concern of Rao Sahib Patil, provisionally on the strength of the resolution of 6-1-46, the company at the most can be liable to fulfil the contract, as stood on 6-1-46. Is the company responsible for all the acts of Rao Sahib Patil, done without the sanction of the Board of Directors, after 6-1-46 to 29-8-47., or at least 21-1-47? It is a very serious matter for consideration. From the observations given above, we are strongly of opinion that Rao Sahib anyhow wanted to get rid of the heavy losses he had already incurred in his proprietory concern. He managed ~~it~~ to place it in the hands of this company even in the absence of legal provisions. According to our estimate, Rao Sahib was already in a loss of half of his capital investment when this transfer was manupulated. Rao Sahib had already managed to constitute a Board of Directors who had implicit and blind faith in him and who were ready to accede to whatever he desired. These gentlemen never questioned his honesty and thus he had full scope for this foul games.

⊗ the lists of assets shown in that B/S. we wonder whether

(8) The resolution regarding the acceptance of deposits is passed hastily and prematurely. The rate of interest and the amount of deposit sanctioned are certainly suggestive. One more important factor here is that on the date this resolution was passed, there was no agreement with the managing agents. The agreement with the managing agents was executed on 17-10-1946 and if any person or firm has acted or represented, the company, as managing agents before this date. It is absolutely illegal and fradulent. We have seen some deposit receipts passed on 1-10-46 by M/s. J.B. and Sons as managing agents of this company.

(9) The managing agents, with all their efforts, were unable to sell the shares. There is nothing to show that there were inquiries regarding the sale of shares from the enthusiastic public. The analysis of shares sold is quite obvious to prove this statement.

(10) Now we come to the manufacturing side of the company. Only the mention of one fact is quite sufficient to show how the management is grossly negligent and is entirely engrossed to achieve their personal aims. The fact is that for the total sales

of Rs.90,277/- upto 31-3-1948 from the 1st of June 47 the manufacturing expenses are Rs.2,18,000/- Were the managing agents doing the business a trust or willfully playing with the funds of their people which was ~~kept with~~ the company? This is the state of affairs upto 31-3-48, when we visited the factory on 15-7-1948, we found all the working staff there and the production going on. Even today wisdom does not prevail.

(11) The account books of the company are maintained in a very clumsy way. The company has not kept full ~~x~~ record of their dealings in the office. From what we have seen of the account books, we have no hesitation to say that the accounts must be fabricated. It seems that the auditors of the company have never cared to look to the various books maintained by the company, diligently and carefully. The auditor Mr.S.G. Mandhre, is a depositor in the company and appears to be a friend of the managing agents.

(12) The stocks of tobacco are lying at Bangalore and Kolapur from the dates of their purchases, and nobody in the company is in a position to give even the approximate market value of the same But it is admitted that the stocks are very old and not-redried. It it said that they have lost their colour and have gone lower in grade. We are afraid from the above explanations given to us and also from the fact that no attempt is made to ascertain its present marketable value that the figure of Rs.1,28,000/- shown as the closing stock, is absolutely bogus and false, and the stocks may not even fetch Rs.28,000/- if sold to-day.

(13) The machinery is old and of a special high precision type and required very skilled labour. We found only ordinary country labour working there. We were told that the machines often go out of order and require vital repairs. We are of opinion that the machines being very old and the models being very old and being out of market, may fetch substantially lower value.

(14) Factory buildings and quarters have been beautifully built. But in the absence of any information we are not in a position to calculate the costs; but Mr.Wadekar, who is a Civil Engineer, roughly assesses the cost of construction at Rs.200,000. The marketable price will depend upon many factors and taking into consideration the situation of the factory, we may say that at the most it will yield 80% of our calculations. We did not get material to ascertain the value of the stores. In fact we do not know what is in the stores. We are therefore afraid that the total marketable and real assets of the Company may not even come to 50% of its - - liabilities.

PLANTATIONS LIMITED.

(14) This is a sister-concern. In this Company we have only to deal with the cultivation, deforestation and development charges of the lands in possession of the Company. The Company has built some barns on their farms for curing Tobacco and also dug some wells. This company has no other property, except the barns in lease-hold lands, some agricultural implements, tractors, lorries, etc. There is a stock of Tobacco of the crop of last year. As has already been pointed out in the foregoing paragraphs, all the activities, account books, management and the concessions given by the Government of Sandur, were a private and proprietory concern of Rao Sahib Patil. There is no distinct allocation of funds: In fact, there is nothing to distinguish the expenses incurred by his proprietory concern. Even the balance sheet prepared by Rao Sahib Patil of his Proprietory Concern on 31.1.1946 is a consolidated one. Rao Sahib Patil had already collected large amounts of deposits from the people in Poona for his proprietory concern, which was doing the business at the time when the deposits were collected in both the manufacture of Cigarettes, as well as the cultivation etc. of lands. The concessions given by the Government of Sandur, by an agreement dated 11.8.45,and those confirmed by a letter on 13.8.45, do not show any distinction between plantation and manufacture. The Sandur Tobacco Company Ltd., was already registered on 11.8.45 with distinct objects and specific aims. The Sandur plantations was registered on 16.4.46 with distinct objects and specific aims. But the

nucleus of both these companies is Rao Sahib Patil and at the time of transfering the assets and liabilities to these two companies separately, it was entirely in his hands to allocate the same, as he thought fit. There is one crucial point here, wherein according to our opinion, Rao Sahib Patil found full opportunity for his play. From the consolidated balance sheet of 31.8.46, Rao Sahib Patil preferred to transfer - certain book assets to Sandur Tobacco Company Limited and also to capitalise certain amount of expenses to the corresponding liabilities. At the same time he preferred to keep certain book assets and to capitalise certain expenses to Sandur Plantations. It is nowhere made clear as to how and why this allocation was made. We do not see any distinction made in the payment of office staff at the time when the consolidated work was going on. The same is the case with all other expenses. There were constructions going on all over, labour was engaged, materials were also purchased in common. But with all this, Rao Sahib Patil has made a distinction and formed the two companies. At the time of this allocation, unfortunately or deliberately the liabilities transferred to the Sandur Tobacco Company Ltd., were far in excess than the book assets shown. And later on it will be seen that the position of Sandur Tobacco Company went on getting worse, because of this heavy burden. The liabilities of the Sandur Plantations Ltd. were shown to be low, and Rao Sahib himself went on advancing his personal amounts in the current account of the Company to fill up the gap of finance, and how this amount of Rs.2,31,000/- he is trying to withdraw by this private negotiations with M/s. A.D.Sampat and Co. This current account of Rao Sahib Patil has never been sanctioned by the Board of Directors and it is a matter of consideration whether he can be allowed to withdraw this - amount.

(16) We need not repeat here the position as regards the illegality of transfer and succession, but we may only give the material dates. This company was registered on 16.4.46. The resolution was passed by the Board of Directors on 21.1.47 authorising two Directors to take charge of the Sandur Plantation Company of Rao Sahib Patil. The Company got commencement certificate on 9.7.47. The balance sheet was prepared by Rao Sahib Patil of his proprietory concern upto the 30th June 1947 and this was confirmed by the Board of Directors in their fifth meeting on 29.8.47.

(17) As regards the account books of the Company, we are of the same opinion that they do not reflect the real position. The assets of this company too are very low. It is said that there is a stock of Rs.75,000/- of Tobacco, but from the agreement which this company has with the Government of Sandur, there is a contingent liability on this company of Rs.100,000/- to pay to the Government of Sandur. We are, therefore, of opinion that the assets are not sufficient to meet this liability.

GENERAL REMARKS.

(18) We think that the payments due to M/s.Chamundi Construction Company by Sandur Tobacco Company Ltd., and Plantations Company Ltd., are not legal dues against these companies.

(19) The Deposits, even though they have been allocated in two different companies, according to the free choice of Rao Sahib Patil, are not real. The position of the Sandur Plantations is kept strong.

(20) The Managing Agents went on creating reckless obligations even when they had full knowledge that they were unable to satisfy existing creditors. They were giving vague and false assurances to the creditors without the knowledge of the Board of Directors. Even in spite of this

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financial crisis the affairs of the Company were kept running.

(21) The General Manager of the Company, we are told, is the son-in-law of Rao Sahib Patil, a man quite unacquainted with any business,and especially Cigarette Industry. The staff engaged by this Company is most inefficient in their work.

(22)At last, we have no hesitation to say that the losses which the Companies are forced to suffer are entirely due to the wilful misconduct, the gross negligence, want of foresight, inefficient management, fraudulent behaviour of the Managing Agents, and also to the blind and implicit faith put by the Board of Directors in the Managing Agents.

(23) We must make a mention here of one document dated 26.6.1948 which is a Deed of Conveyance, passed by Rao Sahib Patil to the Company. This document is a sale-deed of the property and assets of his private firm to the limited company. But this document comes at such a stage when there is absolutely no provision for this. There is only a mention of a draft of this document on 29.8.47, but unfortunately we did not get any such draft in the Office of the Company. Even this document contains misstatements. In fact, we have already shown that there is nothing but a succession in business from one party to another. If this stand of sale and purchase is taken at this stage, we would like to inquire whether the assets were valued at the market rate or whether they were taken at a price which Rao Sahib quoted,and why?

(24) We have,therefore, to say that the transfer or sale, whatever it is, is a vexed question with Rao Sahib Patil, and he is trying to manupulate it by various means at his disposal. But this is not sufficient. The liabilities are entirely upon him personally.

(25) It is quite clear from the foregoing exposition of facts that the present position of both the companies is financially very bad and the only course left upon, in the interest of Depositors, is to put the Companies in voluntary liquidation,to investigate into the affairs of the companies and to hold responsible Rao Sahib Patil for all the losses the companies have incurred.

We must thank Mr.A.D.Sampat, Mr.Mahajan, and Mr. Bochare for the facilities they offered us of the inspection of the accounts books of the companies, papers, etc.

Poona:-

dated 19th July 1948. (True Copy)

* VI

Copy of letter d/21st January 1950 from M/s.R.G.N.Price & Co., Chartered Accountants,202,Mount Road,P.O.Box.No.335,Madras-2 to the Registrar of Joint Stock Companies,1st Line Beach,Madras.

Sub: Investigation into affairs of companies.

In reply to your letter No.C2609/49 dated 18th instant, we are agreeable to take up the work on the terms mentioned in our confidential letter dated 26th April 1949, provided the payment of our fees is guaranteed by Government.

(True Copy)

H 35

Copy of letter d/23rd January 1950 from M/s.Sastri & Shah, Chartered Accountants,15,Armenian Street,Madras-1 to the Registrar of Joint Stock Companies,Madras.

We are in due receipt of your communication No. C.2609/49 dated the 18th instant regarding the investigation into the affairs of companies specified in your letter No.C.1097/1949 dated 17-4-1949 and asking us if we are willing to be appointed as Inspectors for the said investigation.

We shall be glad to take up the work on the terms specified in our letter dated 5th May, 1949 in reply to yours of 17th April, 1949. We may suggest that if it is convenient and possible the Books and Accounts may be brought to Madras: Otherwise we are prepared to take up the work at the other end itself.

A copy of our letter dated 5th May,1949 is herewith enclosed for easy reference.

Copy of letter dated 5th May,1949 from M/s.Sastri and Shah, Chartered Accountants,15,Armenian Street,Madras-1 to the Registrar of Joint Stock Companies,Madras.

Re: C.No.1097/1949 - investigation into the affairs of companies.

Further to our letter to you dated the 23rd ultimo and the subsequent perusal of the relative papers in the above matter by our Mr.Sastri on the 29th ultimo we wish to state that you may please allow us the remuneration for the work at the rates specified by the Government of India under the - Auditor's Certificates Rules.

For your information we may state that we generally charge for such works at:

Rs. 30/- per hour for our Senior artner.
Rs. 20/- ,, ,, a qualified Registered Accountant assistant.
Rs. 10/- ,, ,, a Senior assistant and
Rs. 3/- ,, ,, a Junior assistant.

We estimate that the investigation of accounts of the two companies under consideration for the entire period since the incorporation may take about 200 hours for a qualified Registered Accountant assistant and a Senior assistant, and about 50 hours for our Senior Partner. The travelling and other out-of-pocket expenses may come to about Rs.750/-. The total remuneration calculated on the above basis works out to Rs.8,250/-. We therefore suggest that we may be paid a lump sum remuneration of Rs.8,000/- for the entire work on this basis.

P.S. In case the time actually taken for the work will be less, we are willing to charge only proportionately.

(True Copy)

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VIII

Copy of letter dated January 22,1950 from M/s.Rowe & Pal, 12,Thambu Chetty Street,Madras-1 to the Registrar of Joint Stock Companies, First Line Beach,Madras-1.

Sub: Investigation into the affairs of companies.

Ref: Your confidential letters No.C. 1097/49 dated 17.4.49 and C.2609/49, dated 18.1.50.

With reference to the above we are still willing to be appointed as inspectors for investigation of the affairs of the two companies referred to in your above letters.

Thanking you,

/true copy/

Madras,
d/ 9th Feb.1950

for Registrar of Joint Stock Companies.
9/2/50

9.2.50.

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THE SANDUR PLANTATIONS LTD., SANDUR.
(SANDUR STATE)

The first report of the Directors for the period ending

30 TH NOVEMBER 1947

IX.

To,

The Share-holders,
The Sandur Plantations Ltd.

GENTLEMEN,

Your Directors have the pleasure to submit to you the Audited Balance-Sheet as at 30 th. November 1947, of the Company, together with the Profit and Loss account for the same period for your approval.

The authorised capital of the Company is Rs. 15,00,000/-. The issued capital is Rs. 5,00 000-, divided into two kinds of shares viz Ordinary and 6 % Preference shares. The Subscribed capital to date of balance sheet is Rs 2,01 030/ and the share capital paid up is Rs. 1,85,095/.

You know that this year is only the first year of the working of this Company. Therefore the cultivation expenses are a little bit high as the tilling of lands lying once fallow required more labour and wages The shrubs and trees standing in some lands had to be cleared, this too was an item of additional expense

It is an established fact that the working of plantations is fully dependent on so many factors such as good lands, good seeds, fine agricultural implements, skilled labour, efficient supervisory staff, timely rains, favourable weather conditions, and absence of plant disease. Due precautions are being taken by us to overcome the above factors. We have selected good sites of land and care is taken to select good seeds also. Besides necessary agricultural implements have been purchased by your Company. The industry being new, we have imported sepecially qualified men, experienced in tobacco cultivation, for looking after the growth of your Company's crop. A good number of skilled labour has been stabilised by giving them facilities. Though the lands of your Company and the climate thereof are well suited for the growth of tobacco used for cigarettes, the abnormal heavy rain of this year affected the growth of the crop of your Company lands. Added to this, we had the misfortune of an attack of mildew, on the crop no account of continuous rains

We have at present dug 5 big wells in your Company lands at different centres, to irrigate the crop when necessary i. e. in case of shortage of timely rainfall. We are glad to say that in one centre we have been able to lease about 45 acres of land and in the coming year we shall be able to cultivate 100 acres more, thus next year we shall be able to take an irrigated crop from about 145 acres which will add to our income.

We have completed the barns construction and the capacity of the barns is adequate for the expected crop. Next year we will not have to undergo capital expenditure so mush.

A courtesy glance over the figures of the Balance sheet will show a loss of Rs. 5 561-2-7 this year. But we hope to wipe it away next year by taking all precautions against untimely rains by having irrigated crop. The working expenses of the Company will naturally be curtailed next year in view of the fact that cultivation will be rendered easy as the lands are well prepared We hope to turn to you with a better balance sheet next year

Your Company Directors and the Managing Agents have foregone their attendance fees and remuneration respectively for the period under report having regard to the loss shown in the Balance sheet. The items travelling expenses and interest need not cause you any surprise for they include the travelling expenses and interest from the begining to 30th. November 47

We have pleasure to state that Mr. Mahadeo Rangnath Jog a prominent merchant from Poona has been co-opted as a director in the year under report. The first Directors retire/ automatically at the first meeting and you have now to elect new six directors in their places. The retiring directors are eligible for election and offer themselves for reelction

You have also to appoint an auditor for the next year and fix up his remuneration

The accounting yearfor your Company will be ending 31 st December of every year

Before concluding we have to appreciate the kind patronage of His Highness. the Maharajasaheb of Sandur and the courtesy shown and help given by the State officials from time to time

SANDUR

25th. December 1947.

P. I. PATIL

Chairman. The Board of Directors.

1. Raosaheb G. L. Dhekne
2. Raosaheb Nilkanth Appaji Dandekar
3. Seth Chhaganlal Ramachand Doshi
4. Mr. Mahadeo Rangnath Jog

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THE SANDUR PLANTAT

PROFIT AND LOSS ACCOUNT FOR THE

PARTICULARS			AMOUNT.	
To Nursery expenses	Rs.	3,717 13 8		
To Cost of Green leaf from ryots	Rs.	3,074 6 0	6,792	3 8
To Preparatory cultivation expenses:				
For Nandihali Centre	Rs.	1,309 8 0		
For Sidhapur Centre		1 701 0 6		
For Ranghapur Centre		1,298 12 0		
For Daulatpur & Sandur		971 15 0	5,281	3 6
To Inter Cultivation Expeses:				
For Nandihalli	Rs.	1,719 1 2		
For Sidhhapur		1,622 8 0		
For Raghapur		1,793 7 0		
For Daulaipur and Sandur		2,626 4 9	7,761	4 11
To Curing expenscs	Rs	1,0680 0 3		
To Fuel for curing and other purposes		11,500 0 0	22.180	0 3
To Grading expenses			4,118	3 4
To Live stock expenses			1,970	8 0
To Harveting of food grains			134	9 6
To Chemical and Fertiliser	Rs	98 8 0		
To Charcoal burning		105 8 0		
To Medning of tools		116 12 6	320	12 6
To Establishment Expenses:				
Salary and wages	Rs	13,771 0 6		
Post and Telegram		454 12 6		
Printing and stationery		249 6 5		
Travelling expenses		2,239 12 9		
Motor expenses		2 242 1 0		
Bank charges		98 2 0		
House rent and electricity		773 10 4		
Rates and taxes		443 2 0		
Store expenses		140 8 11		
Medical and other expenses		409 4 0		
Wach and ward expenses		498 14 0		
General charges		368 6 6		
Misellaneous expenses		935 15 0		
Legal charges		74 4 0		
Rly. freight and luggage charges		37 2 0		
Interest due		1,706 9 0	24,442	14 11
		Rs.	73,001	12 7

Checked & found correct
S. G. MANDRE & CO.,
Dr. S. G. Mandre B. A., R. A., Ph. D., F. S. A. A. (London)
Incorporated Accountants and Audltors (London)
Bombay, Dated 23.rd December 1947.

ONS LIMITED., SANDUR.

ERIOD ENDING 30TH NOVEMBER 1947.

PARTICULARS				AMOUNT
By Value of Stock of Tobacco (as per Managing Agent's valuation)				61,081 4 0
By Value of other grains (as per Managing Agent's Valuation)				
Ragi	Rs	98	0 0	
Jowar		320	0 0	
Nawani		50	0 0	468 0 0
By Value of other stocks (as per Managing Agents' Valuation)				
Fuel	Rs	3,500	0 0	
Fodder		202	0 0	
Manure		300	0 0	4,002 0 0
By sale proceeds of fuel				1,887 8 0
By Sundry receipts				1 14 0
By Nett Loss				5,561 2 7
				73,001 12 7

P. I. Patil Chairman G. L. Dhekne Director C R. Doshi Director
N. A. Dandekar ,, M. R. Jog ,,

10
37 40

The Sandur Plantations Ltd.,
(Sandur State)

NOTICE

Notice is hereby given that the first Annual General Meeting of the Company will be held in the Registered office of the Company at Sandur on 15th January 1948 at 1-00 p. m. to transact the following business

1 To approve and adpot the audited Balance-sheet as at 30th November 47 together with the Profit & Loss Account for the period from 1st July to 30th November 1947 and the report of the Directors thereon.

2 To receive a report by the auditors thereon

3 To elect Directors: Being the first Annual General Meeting as per article No. 119 of the Articles of Association of the Company, all the Directors other than Ex-officio and Special Director shall retire from Office. The retiring Directors are eligible and offer themselves for re-election

4 To appoint an auditor and to fix up the remuneration

5 To transact any other business of the Company, with the permission of Chairman

By Order of the Board,
For the Sandur Plantations Ltd
Sandur
J. M. & Sons
25th Dec 1947 Managing Agents

Book Post

No. _____

To

_____

_____

_____

The Sandur Plantations Ltd.
Sandur.

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THE SANDUR PLANTATIO

BALANCE-SHEET AS AT 3

CAPITAL & LIABILITIES.		AMOUNT.	
AUTHORISED CAPITAL			
Divided into 1,00,000, Ordinary Shares of Rs. 10 each and 5,000, 6 per cent Preference Shares of Rs 100 each.		15 00 000 0 0	
ISSUED CAPITAL			
Divided into 30,000. Ordinary Shares of Rs 10 each and 2,000, -6 per cent Preference Shares of Rs 100 each.		5,00 000 0 0	
SUBSCRIBED And PAID UP CAPITAL			
12,393 Ordinary Shares of Rs 10 each	1,23,930 - 0 - 0		
Less Allotment Due	2,085 - 0 - 0	1,21,045 0 0	1,85,095
771, - 6 per cent Preference Shares of Rs 100 each	77,100 - 0 - 0		
Less Allotment money due	13,050 - 0 - 0	64 050 0 0	
Part payment against allotment money		6,460 0 0	
LOANS UNSECURED			
Fixed Deposits	57.500 - 0 - 0		
Advances by Raosahib Patil	262,702 - 6 - 3	3,20,202 6 3	
Sundry Creditors		76,883 4 0	
Creditors outstanding		8,483 8 0	
Total	Rs	5 97 126 2 3	

We have audited the Balance Sheet of THE SANDUR PLANTATIONS LIMITED, as at 3
date, with the books and vouchers of the Company, and have obtained all the information and expla
unt are drawn up in conformity with the Law and exhibit a true and correct view of the Company's f
by the books the of Company; no provision what soever has been made for depreciation etc ; inter
account have been kept by the Company as required by Law. We have verified the Cash and secu

NS LIMITED., SANDUR.

ITH NOVEMBER 1947.

PROPERTY & ASSETS.								AMOUNT.		
FIXED CAPITAL EXPENDITURE										
LANDS PURCHASED								4,000	0	0
LEASE-HOLD LANDS										
	Per Last B S			Additions			TOTAL			
Nandihalli	Rs. 21,395	1	0	1,772	1	6	23.167	2	6	
Siddaapur	29,384	7	0	4,341	3	0	33.725	10	0	
Raghapur	11 600	1	6	165	2	0	11,831	3	6	
Other Centres	893	4	6	1,095	0	0	1,988	4	6	
	63,338	14	0	7,373	6	6	70,712	4	6	70,712	4	6
WELL-WORKS										
Nandihalli	6,734	4	0	42	14	0	6,777	2	0	
Siddapur	11,821	12	6	137	2	6	11,958	15	0	
Raghapur	4,3[illegible]3	5	6	2,520	0	0	6,883	5	6	
Other Centres	410	1	6				410	1	6	
Rs.	23,329	7	6	2,700	0	6	26,029	8	0	26,029	8	0
BUILDINGS & BARNS										
Court building with extensions							21.949	2	0			
Barns & quarters construction							166.000	0	0			
Barn Fittings,furnaces, piepes etc.							46,752	6	5	234 701	8	5
Last year's capitalised expenditure										38,636	1	4
Shed works at centres										1.197	11	0
Preliminary expenses										10.000	0	0
Commission on sheres										00	0	0
Interest capitalised										20 581	10	0
Live stock										6,312	5	6
Motors and Vehicles										10,544	8	0
A gricultural Machinery										14,456	2	0
Furniture & fixtures										1,886	5	2
Consultation & survey expenses										2 971	15	6
Prepaid expenses										627	12	0
Advances & book-debts										8,298	11	10
Sundry Debtors										9,640	3	4
Value of stocks of Tobacco, other grains & stores as per Managing Agents Valuation										116,688	12	9
Cash and Bank balances										1,039	3	10
Nett loss per Profit and Loss Accounts												
Previons	Rs. 6.738 4 6											
This year's	Rs. 5,561 2 7							12,299	7	1
Total							Rs	597,126	2	3

30th November 1947 together with the Profit and Loss Account for the period ended the same-anations we have required. In our opinion, the said Balance Sheet and Profit and Loss Acco financial affairs to the best of our information and the explanations given to us, and as shown rest on deposits has been treated as waived. We further report that in our opinion, the books of irities.

S. G. MANDRE & CO.,

Dr. S. G. Mandre B. A., R. A., Ph. D., F. S. A. A. (London)
Incorporated Accountants and Audltors (London)
Bombay, Dated 23rd December 1947.

P. I. Patil Chairman G. L. Dhekne Director C. R. Doshi Director
N. A. Dandekar ,, M. R. Jog

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The Sandur Tobacco Co., Ltd.

YESHWANTNAGAR (Sandur State)

Report of the Directors for the period ending 15th Jan. 1947

To

The Share-holders
The Sandur Tobacco Co., Ltd.

Your Directors beg to submit to you the Audited Balance Sheet and the Statement of Receipts and Payments for the period ending the 15th January 1947.

The No. of total shares subscribed is 6,464. We are glad to say that from the inquiry coming in from the public, we will be able to complete the remaining balance of the issued Capital within a short period.

The figures of the expenditure side of the annexed Balance-sheet will Convince you that the work of construction is being done with all economy and careful Supervision. We have pleasure to inform you that the Managing Agents have not drawn their remuneration for the Period of the report.

The work of the Factory building and staff quarters is nearly completed and we expect to start manufacturing cigarettes in our own building at Yeshwantnagar by the end of March 1947. As we have sufficient stock of tobacco, cigarette bobbins, shells and slides, packing paper and other urgent necessary stores at hand, we hope to begin production within the period above mentioned.

The machinery purchased by the Company so far is quite sufficient to start with, and the pre-trials prove that they are giving satisfactory results. We have much pleasure to inform you that we have got the import license for a new Standard Cigarette Making Machine, the delivery of which is expected within 3-4months. The addition of the machine will be very beneficial to the working.

The Company is highly grateful to His Highness the Maharaja Saheb of Sandur for the kind patronage he has been extending to the Company all along.

We have to note with pleasure that whatever work we have been able to put forth is the result of the kind support of the Government of Sandur, and the able and valuble advice of Shrimant Raje D. B. Ghorpade and the facilities offered by the State Officers from time to time.

The Accounting year will be ending 31st. March of every year.

All the directors retire automatically at the First general meeting and they, being eligible, offer themselves for re-election.

You are requested to appoint Auditors and fix up their remuneration for the ensuing year.

Yeshwantnagar.
27th January 1947

RAO SAHIB P. I. PATIL,
Chairman, The Board of Directors

Directors:

SHRIMANT SARDAR D. B. RAJE GHORPADE
GANESH LAXMAN DHEKNE
VITHALRAO S. LAD
D. D. BAHULIKAR

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THE SANDUR TOBA

BALANCE SHEET AS

CAPITAL & LIABILITIES.

		Rs.	A.	P.
AUTHORISED CAPITAL.				
50,000 Ordinary Shares of Rs. 50 each		2500,000	0	0
ISSUED CAPITAL.				
10,000 Ordinary shares of Rs. 50 each		500,000	0	0
SUSCRIBED & CALLED UP.				
6,464 Ordy. shares of Rs. 50 each				
	Rs. 3,23 200—0—0			
LESS calls Unpaid	,, 17 700—0—0	3,05,500	0	0
LOANS UNSECURED.				
Fixed Deposits		4,11,60	0	0
From others		19,929	2	6
Interest accrued & due	Rs. 20,238—0—0			
Interest accruing not due	,, 5,365-15—0	25,603	15	0
CREDITORS OUTSTANDING		18,723	4	0
SUNDRY LIABILITIES.				
For goods supplied	Rs. 1,418-12—6			
Unpaid wages & taxes	,, 361—3—0.			
Sundries	,, 17—6—0	1,797	5	6
	Total	783 153	10	6

We have audited the Balance sheet of THE SANDUR TOBACCO CO. LTD we have required. In our opinion the above Balance Sheet exhibits a true correct view given to us and as shown by the books of the Company. We have verified the cash balan

RECEIPTS

CAPITAL RECEIPTS	Rs.	A.	P.
Application Money on 6,464 Shares at Rs. 25-per Share	1,61,600	0	0
Allotment Money on 5,756 Shares at Rs. 25-per Share	1,43,900	0	0
OTHER RECEIPTS			
Fixed deposit with accrued interset	4,37,203	15	0
Loans unsecured	19,929	2	0
Other liabilities	20,520	9	6
Total	7,83,153	10	6

We hereby certify that so much of the report as related to the Shares Allotted by the Company and to the Cash received in respect of such shares and to the receipts and payments of the Company is correct.

Dr.
Inco

O COMPANY, LIMITED

23/47

T 15th JANUARY 1947.

PROPERTY & ASSETS.

			Rs. A. P.
FIXED CAPITAL EXPENDITURE			
Land & Buildings			289,206 14 9
Well work			4,982 9 6
Machinery with spares			1,16,852 13 10
Stocks			67,362 1 9
Furniture & Dead stock			3,948 8 3
Tobacco purchase			1,12,934 8 3
Avances against Machinery & Tobacco			40,490 0 0
Interest			25,603 15 0
Preliminary Expenses			15,000 0 0
Commission on shares			1,410 0 0
Book debts & advances			13,277 2 4
ESTABLSHMENT EXPENSES			
Salary	Rs.	56,485 15 5	
Postage & Telegram	,,	876 14 0	
Stationery	,,	915 1 3	
Audit fees	,,	1,500 0 0	
Travelling expenses	,,	9,892 14 9	
House rent	,,	1,211 6 10	
Insurance premium	,,	626 0 0	
Other expenses	,,	2,006 4 9	73,514 9 0
CASH & OTHER BALANCES			
Cash in hand	,,	11,335 8 10	
Cash in current account with The Central Bank of India Ltd.	,,	5,643 1 0	
The New Citizen Bank of India Ltd.	,,	1,591 14 0	18,570 7 10
		Total	7,83,153 10 6

at 15th January 1947 and report that we have obtained all the information and explanations
ne state of the Company's affairs according to the best of our information and the explanations
nd the investments of the Company.

(Dr. S. G. Mandre, B. A., R. A. Ph. D., F. S. A. A. (London).
Incorporated Accountants and Auditors (London.) Bombay, Dated 25th. January 1947.)

PAYMENTS

			Rs. A. P.
FIXED CAPITAL EXPENDITURE			
Land & Buildings			2,89,206 14 9
Well Work			4,982 9 6
Machinery with spares			1,16,852 13 10
Stocks			67,362 1 9
Furniture & dead stock			3,948 8 3
Tobacco purchase			1,12,934 8 3
Advances against machinery & tobacco			40,490 0 0
Interest			25,603 15 0
Preliminary expenses			15,000 0 0
Commission on shares			1,410 0 0
Book debts and advance			13,277 2 4
Other Establishment expenses			
Salary	Rs.	56,485 15 5	
Postage & teiegram		876 14 0	
Stationery		915 1 3	
Audit fees		1,500 0 0	
Travelling expenses		9,892 14 9	
House rent		1,211 6 10	
Insurance premium		626 0 0	
Other expenses		2,006 4 9	73,514 9 0
CASH & OTHER BALANCE			
Cash in hand	Rs.	11,335 8 10	
Cash in current with The Central Bank of India, Ltd.		5,643 1 0	
The New Citizen Bank of India Ltd.		1,591 14 0	18,570 7 10
		Total	7,83,153 10 6

Mandre. B.A., R.A., Ph.D., F S.A.A. (London).
ated Accountants and Auditors (Lond.) Bombay,
Dated 26th January 1947.

RAO SAHIB P. I. PATIL,
Chairman,

Directors,
SHRIMANT SARADAR D. B. RAJE GHORPADE
GANESH LAXMAN DHEKNE
VITHAL RAO S. LAD
D. D. BAHULIKAR

THE SANDUR TOBACCO Co., LIMITED.

YESHAWANTNAGAR (Sandur State)

NOTICE.

Notice is hereby given that the first Annual General Meeting of the Company, will be held at the Registered Office of the Company at Yeshwanthanagar on 11th February 1947 at 3-30 P. M. for the following purpose :-

2. To receive and adopt the audited Balance Sheet and the statement of accounts, for the period ending 15th January 1947 and the report of the Directors thereon.

2. To receive a report by the Auditors thereon.

3. To elect Directors:Being the first Annual General Meeting as per Article No. 119 of the Articles of Association of the Company all the Directors, other than Ex-officio and special Directors, shall retire from office. The retiring Directors are eligible and offer themselves for Re-election.

4. To appoint Auditors and to fix up their remuneration.

5. To transact any other business of the Company, with the permission of the Chairman.

Yeshwanthnagar
27-1-47

By order of the Board
M/S J. B. & Sons,
Managing Agents.

Book-Post.

No. _____

To

_____

_____

_____

From
The Sandur Tobacco Co., Ltd.
Yeshawanthnagar (Sandur State)

(6) XI.

THE SANDUR TOBACCO COMPANY, LIMITED.

2

REPORT

FOR THE

PERIOD ENDED 31ST MARCH 1948.

Registered Office:

Yeshwant Nagar, SANDUR, (S. India.)

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The Sandur Tobacco Company, Limited.

(INCORPORATED IN SANDUR STATE)

Registered Office: **YESHWANT NAGAR.**

The Second Report of the Directors to the Share Holders.

The Share Holders,

The Sandur Tobacco Co., Ltd.

1 Your Directors beg to submit herewith the audited Balancesheet and the Profit & Loss a/c for the period ended 31st March 1948.

2 The work of the factory building and staff quarters was completed during the period under report and the actual manufacturing of cigarettes started approximately from 1st June 1947. Thus the period of work was for hardly ten months.

3 As the manufacturing started very late and the initial expenses were made mostly for construction and capital expenditure we had no other go but to capitalise expenses to the extent of Rs. 186 286–5–0, which covers a portion of expenses incurred by the Sandur Tobacco Co.. Ltd. after the commencement certificate was obtained as also a portion of expenses brought forward from the proprietory concern Sandur Tobacco Company. Particulars of the capitalised expenses are as under:–

Salaries and wages	Rs.	75,000 – 0 – 0
Travelling expenses	,,	15,000 – 0 – 0
General charges	,,	1,000 – 0 – 0
Consultation fees	,,	5,750 – 0 – 0
Interest	,,	79,536 – 5 – 0
Advertisement	,,	10,000 – 0 – 0
	Rs.	186,286 – 5 – 0

4 This year also the Managing Agents have foregone their Managing Agents remuneration in view of the working in loss.

5 The following directors retire by rotation and are eligible for re-election.

1. Raosaheb P. I. Patil
2. G. L. Dhekne Esqr.
3. V. S. Lad Esqr.
4. D. D. Bahulikar Esqr.
5. Paripatti Venkataratnam Esqr.

6 The following Directors having failed to attend any meeting of the Board of Directors, during the period under report, automatically vacate their offices as directors.

1. D. R. Naik Esqr.
2. B. S. Mirje Esqr.
3. Shrimant K. S. Chitanavis,

7 The value of the assets shown in the balance–sheet is the book value as certified by the Managing Agents and is subject to depreciation.

8 The Company is highly grateful to His Highness the Maharaja Saheb of Sandur for the kind patronage. he has been extending to the Company all along and to the kind support of the Government of Sandur. and the able and valuable advice of Shrimant D. B. Raje Ghorpade and the facilities offered by the State officers from time to time.

9 We regret to state that on account of the obvious reasons, the Company was working in loss.

10 You are requested to appoint auditors and fix up their remuneration, for the ensuing year.

P. I. Patil,
Chairman,
The Board of Directors.

Yeshwant–nagar.
Dated : 22nd July 1948

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THE SANDUR TOBACCO

MANUFACTURING, TRADING, AND PROFIT AND

To Stock of Tobacco as on 15-1-47.	Rs.	1,12,934	8	3
„ Purchases during the period	„	72,520	9	6
„ Cigarette Bobbins	„	6,384	0	0
„ Shells and Slides	„	16,224	8	0
„ Paper gilletine etc.	„	4,972	8	0
„ Blending and other materials	„	5,151	8	10
„ Productive Wages	„	28,116	9	0
„ Repairs to Machinery	„	525	10	6
„ Depreciation on Machinery	„	11,299	13	4
„ Salaries	„	23,669	12	2
„ Travelling Expenses	„	10,804	0	0
„ Rent, Rates and Taxes	„	2,600	7	7
„ Insurance	„	4,597	10	0
„ Packing and forwarding expenses	„	5,580	1	4
„ Commission on Sales	„	4,578	2	0
„ General Charges	„	5,408	8	9
„ Directors' Fees and Expenses	„	3,336	0	0
„ Legal Charges and Audit Fees	„	2,707	7	0
„ Motor Car Maintenaince	„	6,537	13	4
„ Stationery and Printing	„	3,901	14	8
„ Postage and Telegrams	„	3,126	2	3
„ Advertisement	„	954	7	3
„ Interest	„	459	8	0
„ Bank Charges	„	474	0	6
„ Octroi and Customs Duty	„	209	0	3
„ Repairs to Building and Furniture	„	167	2	3
„ Land Revenue	„	50	0	2
„ Loss on Sale of Machinery	„	1,680	0	0
„ Depreciation	„	11,048	4	6
	Total Rs.	2,21,363		

As per our Annexed Report of even Date.

S. G. MANDRE & Co.

(Dr. S. G. MANDRE, B.A.,R.A.,PH.D.,F.S.A.A. **London.)**

INCORPORATED ACCOUNTS AND AUDITORS (London.)

Registered Accountants, Bombay, Dated 19th July 1948.

53/29/1

COMPANY LIMITED SANDUR

LOSS ACCOUNT FOR THE PERIOD ENDING 31ST. MARCH 1948.

By Sale of Cigarettes less returns	Rs.	90,277	14	6
„ Closing Stock of Tobacco on 31-3-1948 as per valuation of the Managing Agents	„	1,28,656	3	0
„ Closing Stock of Cigarettes on 31-3-1948 as per valuation of the Managing Agents	„	7,902	4	0
„ Miscellaneous Receipts	„	351	0	0
„ Interest	„	50	0	0
NET LOSS TRANSFERRED TO BALANCE SHEET	„	1,22,782	11	11
	Total Rs.	2,21,363	14	5

For The Sandur Tobacco Co., Ltd.

J. B. & SONS.
Managing Agents.

P. L. PATIL, Chairman.
G. L. DHEKNE
V. S. LAD
D. D. BAHULIKAR
N. H. GOKHRUWALLA
A. D. SAMPAT
} Directors.
A. RUDRAPPA (State Director.)

Dated, 22nd July 1948.

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THE SANDUR TOBACCO

BALANCE SHEET AS

CAPITAL AND LIABILITIES

AUTHORISED CAPITAL			
50,000 Ordinary Shares of Rs. 50/- each			Rs. 25,00,000 0 0
ISSUED CAPITAL			
10,000 Ordinary Shares of Rs. 50/- each			5,00,000 0 0
SUBSCRIBED CAPITAL			
7,743 Ordinary Shares of Rs. 50/- each		3,87,150 0 0	
LESS Calls unpaid		3,975 0 0	3,83,175 0 0
UNSECURED LOANS			
Fixed Deposits			
From Directors	Rs. 89,125 0 0		
From Others	„ 4,86,485 0 0		
	„ 5,75,610 0 0		
Interest Accrued & Due	„ 29,592 9 0		6,05,202 9 0
Other Deposits			
Agency Deposits	„ 18,751 7 0		
Interest due on above	„ 459 8 0		
	19,210 15 0		
Against Orders	210 0 0		19,420 15 0
OTHER LIABILITIES			
For Purchases (106-13-6 due to Direc'o')	312 11 9		
For Expenses (Rs. 4808-13-0 is due to Mg. Agents)	62,339 4 6		
Other Finance	2,225 11 6		
Salaries & Wages	6,650 7 6		
Directors' Fees	3.000 0 0		
Commission on Shares	2,410 0 0		
Sundry Creditors Outstanding	15,112 3 6		92,050 6 9
Total Rs.			10,99,848 14 9

We have audited the Balance Sheet of THE SANDUR TOBACCO COMPANY, LIMITED, SANDUR. as at 31st March 1948 together with the Profit and Loss Account for the period ended the same date, with the books and vouchers of the Company and have obtained all the information and the explanations we have required. In our opinion subject to our separate report of even date the Balance Sheet and Profit and Loss Account are drawn up in conformity with the Law and exhibits a true and currect view of the state of the financial affairs of the Company to the best of our information and the explanations given to us and as shown by the books of the Company. The books of Account have been kept by the Company as required by Law. We have verified the Cash and Securities.

(Dr. S. G. MANDRE, B.A.,R.A.,PH.D. F.S.A.A. **London.)**
INCORPORATED ACCOUNTS AND AUDITORS (London.)
Registered Accountants, Bombay, Dated 19th July 1948.

S G. MANDRE & Co.

COMPANY LIMITED SANDUR.

AT 31ST. MARCH 1948:

PROPERTY AND ASSETS

GOOD WILL			500 0 0
LAND AND BUILDINGS			
as per last Balance Sheet		2,89,206 14 9	
ADD Additions during rhe period		77,692 15 4	
		3,66,899 14 1	
LESS Depreciation		9,172 8 0	3,57,727 6 1
WELL WORK			
as per last Balance Sheet		4,982 9 6	
ADD Additions during the period		6,825 0 0	11,807 9 6
MACHINERY			
as per last Balance Sheet		1,16,852 13 10	
ADD Additions during the period		24,925 2 0	
		1,41,777 15 10	
LESS Sold		4,500 0 0	
		1,37,277 15 10	
LESS Loss on sale and Depreciation		12,979 13 4	1,24,298 2 6
FURNITURE AND DEADSTOCK			
as per last Balance Sheet		3,948 8 3	
ADD Additions during the period		2,456 10 6	
		6,405 2 9	
LESS Depreciation		236 14 0	6,168 4 9
MOTOR CAR	Rs. 5,000 0 0		
LESS Depreciation	1,000 0 0		4,000 0 0
ELECTRIC FITTINGS AND MATERIALS		6,072 14 3	
LESS Depreciation		607 4 8	5,465 9 7
REFERENCE BOOKS	316 2 6		
LESS Depreciation	31 9 10		284 8 8
TRADE MARKS AND DESIGNS			865 0 0
REVENUE EXPENSES CAPITALISED BY MANAGEMENT			
Advertisement Rs. 10,000/-; Salaries and Wages Rs. 75,000/-; Travelling Expenses Rs. 15.000/-; Interest on Fixed Deposits Rs. 79,536-5-0; Consultation Fees Rs. 5,750/-; Other Expenses Rs. 1,000/-; We take no responsibility for this capitalisation; it is objectionable and highly improper in our opinion.			1,86,286 5 0
PRELIMINARY EXPENSES			15,000 0 0
COMMISSION ON SHARES			2,510 0 0
ADVANCES AND DEPOSITS			
Advances to Staff	13,991 4 6		
Deposit for Rent & Toll Tax	550 0 0		14,541 4 6
BOOK DEBTS (Unsecured but considered good)			42,914 15 2
STORES AND SPARE PARTS			61,170 3 4
STOCK-IN-TRADE AS PER MANAGING AGENTS' VALUATION Ciggarettes Rs. 7,902-4-0; Tobacco Rs. 1,28,656-3-0, 50,060 lbs. of tobacco in Bangalore is old and may fetch very little if sold; Rs. 80,737-9-0 was paid for it by the company.			1,36,558 7 0
INSURANCE PREPAID			395 0 0
CASH AND BANK BALANCES			
Cash on Hand	396 15 3		
Cash with Banks	6,176 7 6		6,573 6 9
NETT LOSS AS PER P. & L. A/C.			1,22,782 11 11
		Total Rs.	10,99,848 14 9

For The Sandur Tobacco Co., Ltd.

J. B. & SONS.

Managing Agents.

P. I. PATIL, Chairman.

G. L. DHEKNE
V. S. LAD
D. D. BAHULIKAR
N. H. GOKHRUWALLA
A. D. SAMPAT
} Directors.

A. RUDRAPPA (State Director.)

Dated, 22nd July 1948.

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The Sandur Tobacco Company, Limited.

SANDUR.

NOTICE.

Notice is hereby given that the Second Annual General Meeting of the Company will be held at the Registered Office of the Company, Yaswant-Nagar, Sandur, on Saturday, the 4th (Eleventh) September 1948, at 3-00 P.M. (S.T.) to transact the following business:-

1 To receive and adopt the Directors Report and Audited Balance Sheet and Revenue Account for the period ended 31st March 1948.

2 To elect Directors in place of Raosaheb P. I. Patil, G. L. Dhekne, V. S. Lad, D. D. Bahulikar, Paripatti Venkataratnam who retire under Article 119 of the Articles of Association but being eligible offer themselves for re-election.

3 To appoint Auditors for the current yea and to fix their remuneration.

4 To transact any other business that may be brought forward with the premission of the Chairman.

The Share Transfer Books of the Company will be closed from the 20th August 1948 to 5th September 1948 (both days inclusive).

By order of the Board of Directors.
P. I. PATIL,
~~Director~~.
Chairman

Dated 22nd July 1948.

THE PRAJA P. PRESS, BOMBAY-3.

The Sandur Tobacco Company, Limited.

DIRECTORS.

1 Raosaheb Premchand Icharam Patil.

2 Ganesh Laxman Dhekne, Esqr. B.A., LL.B.

3 Vittalrao S. Lad, Esqr.

4 D. D. Bahulikar, Esqr.

5 Shrimant Sardar D. B. Raje Ghorpade, (special Director).

6 L. N. Deshpande, Esqr. B.A., LL.B

7 Paripatti Venkataratnam, Esqr.

8 V. B. Jahagirdhar, Esqr. B.A., LL.B

9 Jamnadas Hansraj, Esqr.

10 Amritlal P. Sheth, Esqr.

11 Nanubhai H. Gokhruwalla, Esqr.

12 Gokaldas D. Sampat, Esqr

13 Purshottam B. Ruparel, Esqr.

14 A. D. Sampat, Esqr.. (Incoming Managing Agent).

Telegrams: "SANTOBCO"

Registered Office:

Yeshwant Nagar, Sandur.

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XII

(3)

PROSPECTUS

OF

THE SANDUR PLANTATIONS LTD.

TOGETHERWITH

MEMORANDUM OF ASSOCIATION

Alliance Art P. Works, Bombay 4.

59/35

Memorandum of Association

OF

The Sandur Plantations Limited.

I. The name of the Company is THE SANDUR PLANTATIONS LIMITED.

II. The Registered Office of the Company will be situated in the Sandur State.

III. The objects for which the Company is established are the following:—

(a) To carry on the business of cultivation and plantation of tobacco, tobacco plants, leaves and trees and to carry on the business of curing and refining raw tobacco and the business of tobacco planters in all its branches and to carry on the business of farming, agriculture, cultivation of land, fruit growing, plantations, horticulture, and the allied industries to prepare manufacture and render marketable any produce of tobacco either in its prepared, manufactured or raw state and to sell, dispose of or deal in any such produce.

(b) To carry on the business of manufacturers of and dealers in tobacco, cigars, cigarettes, match, lights, pipes, bidis, cheroots, snuff, smoking requisites and accessories and such othere articles required by or which may be convenient to smokers and snuff grinders and snuff merchants and box merchants and to deal in any other articles or things commonly dealt in by tobacconists.

(c) To search for any to purchase or otherwise acquire from any Government, State or Authority any concessions, grants decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.

(d) To acquire in India or elsewhere, by purchase, lease or otherwise for the purpose of the Company, and real or personal, immoveable or moveable property, rights and privileges including any land, buildings rights of way, easements, licenses, concessions and privileges, patents, patent rights, trade marks, machinery, rolling stock, plant utensils, accessories and stock-in-trade.

(e) To build, alter, construct and maintain any mills, factories, ware-houses, chawls, dwellings, reservoirs, thanks, roads, buildings or works, necessary for the purposes of the Company or which can be conveniently used in connection therewith.

(f) To carry on the business of commission agents and any other business, whether manufacturing or otherwise which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of, render profitable, any of the Company's property or rights.

(g) To acquire and undertake the whole or any part of the business, property and liabilities of any person or Company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.

(h) To apply for, purchase or otherwise acquire, any copyrights, patents brevets d' invention, license, concessions and the like conferring any exclusive or non-exclusive or limited rights (either in point of time or otherwise to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop or grant licenses in respect of, or otherwise to turn to account the property, rights or information so required.

(i) To enter into partnership or into any arrangements for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise with any person or Company or Companies carrying on or engaged in or about to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to act as the agents of any such person, or Company or Companies or otherwise assist any such person, Company or Companies and to take or otherwise aquire shares and securities of any such Company or Companies and to sell hold, re-issue, with or without guarantee or otherwise deal with the same.

(j) To take or otherwise acquire, and hold shares in any other Company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

(k) To enter into arangements with any Governments, or authorities Supreme, Municipal, Local or otherwise, that may seem conducive to the Company's objects or any of them, and to

obtain from any such Governments or Authority, any rights, privileges and concessions, which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

(l) To pay all costs, charges and expenses incurred or sustained in or about the promotion, registration and establishment of the Company or which the Company shall construe to be preliminary including therein law charges, the cost of advertising, commission for under writing, brokerage, printing and stationery as well as rates, taxes, insurance premia and other outgoing and office rents, employees wages and incidental charges for the maintenance and upkeep of the business of the Company.

(m) Upon any issue of shares, debentures or any other securities of the Company to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by issue of shares, debentures or other securities of the Company, by the granting of option to take the same, or in any other manner allowed by law.

(n) To procure the incorporation registration or other recognition of the Company in any country, State or place and to establish and regulate agencies for the purposes of the Company's business, and to apply or join in applying to any Parliament, Government, Local, Municipal or other authority or body, British, Colonial or Foreign, for any acts of Parliaments, laws decrees, concession orders, rights, privileges, that may seem conducive to the Company's objects or any of them and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(o) To open and keep a Register or Registers in any country or countries or in Indian State or States where it may be deemed adviseable to do so and allocate any number of the shares in the Company to such Register or Registers.

(p) To purchase, take on lease or otherwise acquire for the purposes of the Company, any estates, lands, buildings, easements or other interests in real estate to sell, let on lease or surrender any lease or otherwise dispose of or grant rights over any real property belonging to the Company.

(q) To purchase, take on lease or in exchange, or otherwise acquire, erect, maintain, reconstruct and adopt any buildings, offices, workshops, factories or places for production of machinery, accessories and other things found necessary for

the purposes of the Company and also to extend the business of the Company by adding to, altering, enlarging all or any of the buildings, factories, premises, places for production of machinery for the time being the property of the Company or on all or any of the lands for the time being the property or in possession of the Company and by expending from time to time, such money as may be necessary or expedient for the purpose of improving, adding to, altering, repairing and maintaining the building and machinery and property for the time being of the Company.

(r) To erect, purchase, take on lease or hire or otherwise acquire for a limited term or purpose in any part of the world for any business of the Company or for a business similar or kindred to or with that of the Company.

(s) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with, all or any part of the undertaking, property and rights of the Company.

(t) To sell, and in any manner deal with, or dispose of the whole of the undertaking and or property of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures and other securities of any other Company having objects altogether or in part similar to those of the Company.

(u) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.

(v) To lend money to such persons or Companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by such persons or Companies.

(w) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of the debentures or Debenture-Stock prepetual or otherwise, charged upon all or any of the Company's property, both present and future, including its uncalled capital and to purchase or redeem any such securities.

(x) To remunera es any person or Company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of the shares in the Company's capital, or any Debenture Stock or other Securities of the Company, or in or

about the formation or promotion of the Company or conduct of its business.

(y) To draw, make, accept, endorse, discount, exercise and issue promissary notes, bills of exchange, bills of lading, warrants, debentures and other negotiable instruments.

(z) To receive money on deposit with or without allowance of interest theron.

(aa) To establish agencies in India and elsewhere for sales, purchases and distribution and to regulate and discontinue the same.

(bb) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or ex-employees of the Company (or its predecessors in business) or the dependents or connections of such persons and to grant pensions and allowances and to make payments towards insurance and to subscribe and guarantee money for charitable and benevolent objects or for any public, general or useful object or objects.

(cc) To promote any Companies for the purposes of aquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calcutated to benefit this Company.

(dd) To undertake and execute any trusts, the undertaking whereof may seem desirable, and either gratuitously or otherwise.

(ee) From time to time to subscribe or contribute to any charitable, benevolent or useful object of a public character or for and exhibition.

(ff) To create any reserve fund, sinking fund, insurance fund or any other special fund, whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company, or for any other purposes conducive to the interests of the Company.

(g) To place to reserve, or to profit and loss account or to distribute as dividend or bonus among the members or otherwise, to apply as the Company may from time to time think fit any moneys received by way of premium on shares or debentures, issued at a premium by the Company and any moneys received in respect of dividends accrued on forfeited shares, and moneys arising from the sale by the Company of forfeited shares or from unclaimed dividends.

(hh) To distribute any of the property of the Company amongst the members in specie or kind.

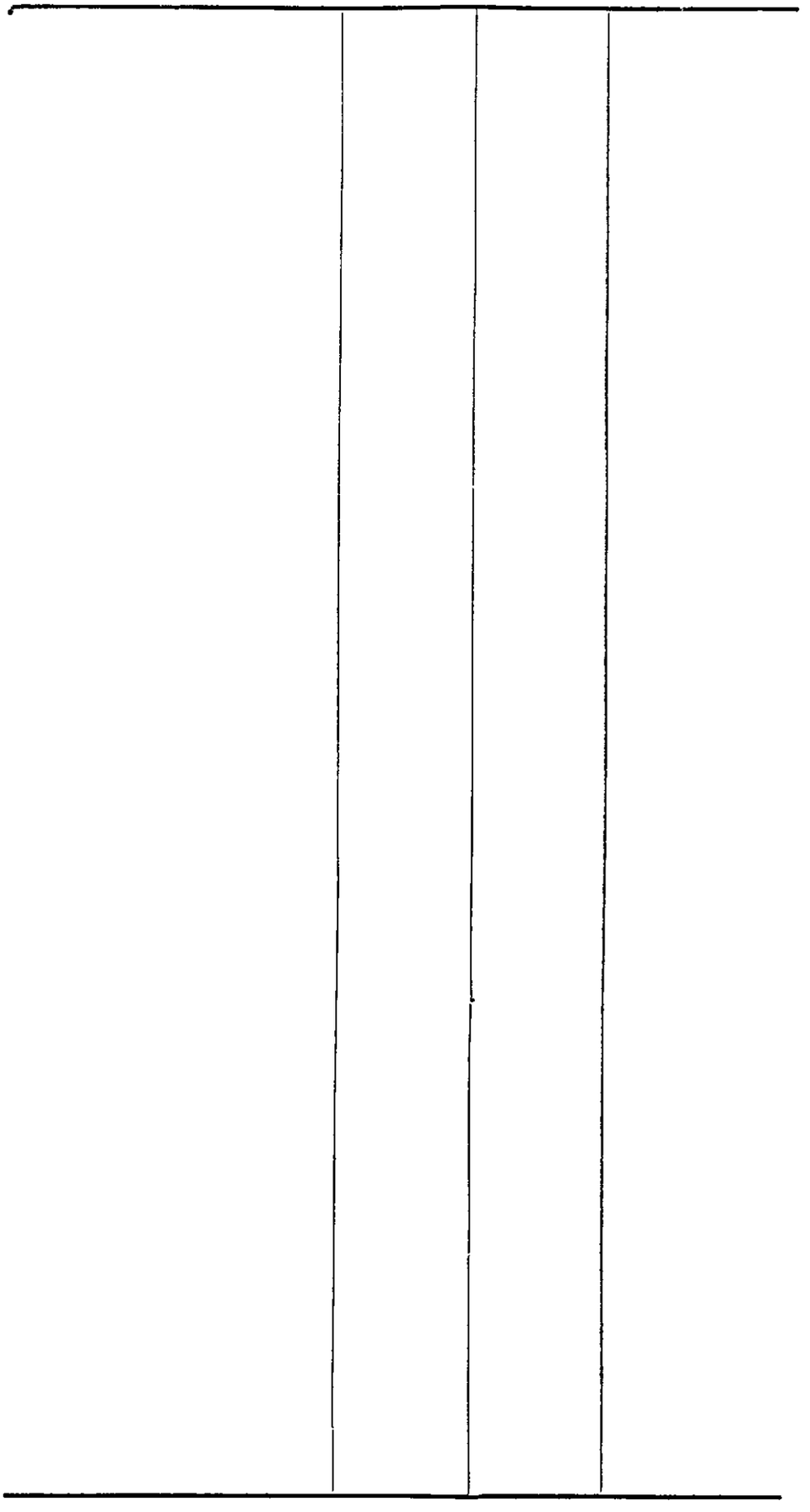
(ii) To do all or any of the above things in any part of the world and either as Principals, contractors or otherwise and either alone or in conjuction with other things as are incidental or conducive to the attainment of the above objects.

IV The liability of the members is limited.

V. The capital of the Company is Rs. 15,00,000/- (fifteen lakhs) divided into ONE LAKH Ordinary Shares of Rs 10/-each and five thousand 6% preference Shares of Rs. 100/-, each with power to increase and reduce the capital in accordance with the provisions of law or the regulations of the Company and with power to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential deferred qualified or special rights, previleges and conditions.

We, the several persons, whose names and addresses are subscribed hereto are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

Names & Description of Subscribers.	Addresses	Number of shares taken by each subscriber.	Witness.



Dated this day of 1947

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(A copy of this Prospectus has been filed with the Registrar of Joint Stock Companies, Sandur State, a copy duly certified under Section 277 (a) of the Sandur Companies Act, has been duly filed with the Registrar of Companies, Bombay.)

PROSPECTUS

OF

THE SANDUR PLANTATIONS LIMITED.

(Incorporated under the Sandur Companies Act III of 1943)
On the 16th April 1946.

AUTHORISED CAPITAL.... .... Rs. 15,00,000/-
(Fifteen lakhs).

DIVIDED INTO

5,000 6% Preference Shares of Rs. 100/- each.
1,00,000 • Ordinary Shares of Rs. 10/- each.

ISSUED CAPITAL .... Rs. 5,00,000/-
(Five lakhs)

DIVIDED INTO

2,000 6% Preference Shares of Rs. 100/- each.
30,000 Ordinary Shares of Rs. 10/- each.

The Directors and their friends and associates have promised to take up 15,000/- Ordinary Shares of the nominal value of Rs. 1,50,000/- and 500, 6% Preferance Shares of the nominal value of Rs. 50,000/-. The remaining 15,000 Ordinary Shares and 1,500/- Preference Shares are offered to the public for subscription, payable as follows, that is to say:—

Rs. 50/- per share on application and Rs. 50/- per share on allotment on Preference Shares and Rs. 5/- per share on application and Rs. 5/- per share on allotment on Ordinary Shares. The Preference shares shall confer the right to a fixed preferential dividend at the rate of 6% per annum on the capital for being paid up thereon respectively, free of income-tax in Sandur State and the right on a winding up to payment of capital and arrears of dividends upto the commencement of the winding up in priority to ordinary shares but shall not confer any further right to participate in profits or assets.

P

RIGHT OF VOTING

On a show of hands every member who being an individual is present in person or being a corporation is present by a duly authorised representative shall have one vote and upon a poll every member who is present in person or by Proxy shall be entitled to one vote for each share held by him of whatever class or d nomination.

DIRECTORS.

1 Rao Saheb Premchand Ichharm Patil.
Chairman
Chairman of the Fortune Commercial Bank Ltd., Jalgaon.
The Savda Faizpur Electric Supply Co. Ltd.,
The Pachora Electric Supply Co. Ltd.,
Managing Agents of:-
The Sandur Tobacco Co. Ltd.
The Agricultural & Industrial Distributors Ltd.
Director:-
The Great Social Life & General Assurance Co. Ltd.,
The New India Industries Ltd.,
Banker and Landlord, Savda, (East Khandesh.)

2 Jayavantrao Vasudeorao Patil Esq.,
Banker and Landlord, Savda (East Khandesh)

3 Vithalrao S. Lad, Esq,
Government Contractor and Landlord,
Sandur, Sandur State (Ex-Officio)

4 Ganesh Laxman Dhekne, Esq., B.A.,LL.B.,
Retired First Class Sub-Judge,
Director of:-
The Associated Sugar Cane Products, Ltd.,
The Baroda Batteries, Ltd,
The Agricultural & Industrial Distributors Ltd.,
The Sandur Tobacco Co. Ltd., (Ex-Officio)
316, Somwar Peth, Poona No. 2.

5 Vasudeo Laxman Joglekar, Esq., B.A.,LL.B.
Pleader, 48, Shukrawar Peth, Poona No. 2

6 Rao Saheb Nilkantha Appaji Dandekar,
Honorary Magistrate & Landlord,
Palghar, District Thana.

7 Shrimant Sardar D. B. Raje Ghorpade,
First Member of the State Executive Council, Sandur State
Sandur (State Director).

8 Chhagan Ramchand Doshi, Esq.,
Merchant, Poona City.

MANAGING AGENTS

Messrs: J. B. & Sons, Sandur, Sandur State.

REGISTERED OFFICE

Sandur (Sandur State)

BANKERS

The Central Bank of India Ltd., Bangalore
The New Citizen Bank of India, Ltd., Kolhapur,
The United Commercial Bank Ltd., Sandur.

AUDITORS

S G. MANDRAE & CO.
(Dr. S G. Mandre, B.A , R A., Ph.D., F.S.A.A (London)
Incorporated Accountants and Auditors, London,
Ram Mansion, Navroji Fardunji Road, Near Taj Mahal Hotel,
Fort, Bombay.

SOLICITORS AND LEGAL ADVISERS

Messrs Godambe & Joglekar,
Kermani Building, S. P. M. Road, Fort,
D. S. Hanmatrao, Esq., B A., B.L., Advocate,
Gandhi Nagar, Bellary.

OBJECTS OF THE COMPANY.

The Company has been formed with the objects generally set forth in the Memorandum of Association (a copy thereof is hereby annexed and forms part of this prospectus) for the purpose of carrying on the business of cultivation and plantation of Tobacco and Tobocco plants, leaves and trees and of curing and refining raw tobacco, farming, agriculture, cultivation of lands, fruit growing, plantations, horticulture and allied industries

PROSPECTUS.

India is one of the formost countries amongst the tobacco growing countries of the world, being second only to United States of America. There is a vast demand for tobacco in India.

The following things are worth noting in connection with the prospects of the Company.

(1) **Land**:-Farm selected for the Company is suitable for the cultivation of tobacco plantation and for the intensive agriculture. The Company intends to produce various types of tobacco including high grade Virginian Tobacco, used in the manufacture of cigarettes.

(2) **Skilled Labour & Technical Help**:-The farms are in the Tobacco-growing area and as such, plenty of skilled labour is at hand.

(3) **Administration**:-The Company has been able to have very able and experienced persons on the Board of Direc-

tors. Some of them have good knowledge of small and large-scale farming and agriculture including tobacco plantations.

(4) **Market**:–Most of the output will be taken over by the Sandur Tobacco Co. Ltd., a company formed for the purpose of manufacturing cigarettes. Besides, the place is not far from Guntur, which is known market of tobacco.

Rao Saheb P. I. Patil, who is promoter of the Company has acquired several concessions from the Sandur State which will be transferred to the Company. The following are the main concessions given by the State.

[1] The State has leased to the Company for a period of 25 years about 1,000 acres of land at the nominal rent of Rs. 0-8-0 for five years and further Rs. 1-0-0 per acre per annum. The soil and the climatic conditions prevailing in the State are very suitable for the cultivation of tobacco of higher grade.

[2] The Sandur Government has given to the Company large subsidies in respect of income tax and other taxes to sustain the industry and to enable it to distribute a fair dividend to its shareholders The Company will practically pay no tax to the State for a certain period.

[3] The Sandur Government has been pleased to purchase the shares of the Company to the extent of the nominal value of Rs. 25,000/- and has thus shown its active sympathy towards the Company.

[4] The Sandur Government has appointed the Honourable First Member of the State Executive Council as Government Director on the Board of the Company and it is certain that every reasonable facility and assistance needed for the successful establishment and operation of the Industry will be unreservedly and generously forthcoming from all Government Departments.

[5] The Company shall be responsible and be liable to recover and to pay to the State excise duty at the rates in force in the state from time to time and shall pay to the Sandur Government an amount not less than Rupees one lakh (1,00,000/-) every year after three years commencing from July 1945, towards the excise duty and payable by them as aforesaid during the continuance of the agreement.

In view of the available acreage for cultivation the Company expects to produce at least 2,50,000 lbs. of tobacco every year and from the sale of which the Company can easily recover much more than the above stated amount from the purchaser in the form of Tobacco excise duty.

In this way, the Company will have the kind patronage of the Sandur Government.

The Company shall have leasehold (for 25 years) 1,000 acres of land, of which five hundred Acres of land is ready to be used for tobacco cultivation from the very first year together with 15 barns, staff quarters etc. and thereby the Company is ready to commence business no sooner it gets the commencement business certificate. The other five hundred Acres will be made available for tobacco plantation in the following year.

Considering that only 500 acres of land is cultivated, the Company hopes to make the following profit from the very first year.

For 500 Acres of land

Particulars of Expenses.

1.	Ploughing to planting expenses on 500 acres at Rs. 75/- per acre	37,500-0-0
2.	Curing expenses:— (i. e. Picking, green leaves grading, stringing, loading in barns, unloading, grading dry leaves, fuel, bulking and regrading and establishment expenses on 500 acres at Rs. 175/- per acre	87,500-0-0
	Cost Rs.	1,25,000-0-0

Sale of :—

The produce of 500 acres.

(Considering only 500 lbs. of dry leaf tobacco per acre at Rs. 0-12-0 a lb.	1,87,500-0-0
Gross Profit Rs.	62,500-0-0

From the next year we will be getting income from the other 500 acres also and consequently the income figures as shown now will be proportionately increased.

From the above figures, it will menifestly obvious that the Company will be in a position to declare a fair dividend in the very first year.

The company is thus assured of good prospects and offers a safe and sound investment.

No promotion Fees:—There will be no promotion fees nor will there be any founder or management shares.

Preliminary Expenses:—The preliminary expenses are estimated not to exceed Rs. 10,000/- inclusive of legal and registration charges but exclusive of brokerage and commission.

Commission :—The Company will be entitled to pay a commission not exceeding 5% on the value of shares applied for and allotted to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or for procuring or agreeing to procure subscription (whether absolute or conditionally.

Minimum subscription :—The minimum subscription upon which the Directors will proceed to allotment will be preference and/or ordinary shares of the nominal value of Rs. 1,00,000 which in the opinion of the Directors is sufficient for the purpose of starting work.

Number of Directors :—Unless otherwise determined by general meeting the number of Directors shall not be less than three or more than fifteen exclusive of the Ex-Officio, Special and Debenture Directors if any The Sandur Government shall, during the period of the companies Monopoly be entitled to nominate from time to time a Director representing the Sandur State as a special Director on the Board of Directors of the Company. The Director nominated by the Sandur State as aforesaid shall not be required to hold any qualification shares or be subject to retirement by rotation. The Managing Agents of the Company shall also be entitled during such time as they are the Managing Agents to appoint two nominees as Ex-Officio Directors on the Board of Directors of the Company. The Ex-Officio Directors shall not be required to hold any qualification shares or be subject to retirement by rotation. The Ex-Officio Directors shall be entitled to hold office until requested to retire by the Managing Agents provided that an Ex-Officio Director may at any time by notice in writing to the Company resign his office. As and whenever an Ex. Officio Director vacates office whether upon request of the Managing Agents or by death or otherwise the Managing Agents may appoint another Director in his place.

Qualification of Director :—The qualification of a Director other than an Ex-Officio, special or Debenture Directors shall be the holding of shares of either description in the capital of the company of the nominal value of Rs. 10,000/-.

Directors' Remuneration :—The remuneration of a Director shall be a sum not exceeding Rs. 100/- for every meeting of the Board attended by him as shall from time to time be fixed by the Directors. The Directors may allow and pay to any Director who is not a bonafide resident of Sandur and who shall come to Sandur for the purpose of attending a meeting such further sum as the Directors may consider fair compensation for his travelling expenses in addition to his fee for attending such meeting as above specified.

Managing Agents:—Subject to the control and supervision of the Directors the general management of the business and affairs of the Company will be in the hands of Messrs. J. B. & Sons, who will be the Managing Agents of the Company for the period of ten years from the registration of the Company and upon the terms hereinafter mentioned.

Agreement:—The Company will enter into the following agreement with J. B. & Sons, their successors, assigns, appointing them as the Managing Agents of the Company for a period of ten years. As remuneration for their services the Managing Agents shall be entitled to draw an allowance of Rs. 1,000/- per month plus a commission of 12½% on the annual net profits of the Company as defined by Section 87 C of the Sandur Companies Act. The Company shall also pay to Rao Saheb P. I. Patil, Proprietor of J. B. & Sons the Managing Agents all the expenses actually incurred and the amount spent by him for the purposes of the Company's work at Sandur.

Directors's Interest:—Rao Saheb P. I. Patil who is an Ex-Officio Director of the Company is the Proprietor of the said J. B. & Sons, the Managing Agents of the Company and as such he is interested in the remuneration payable to the Managing Agents as mentioned above. Except as mentioned above no other Director has any interest in the Company.

Transfer of Shares:—The Directors may at any time in their absolute and uncontrolled discretion and without assigning any reason refuse to transfer any proposed transfer of shares whether the proposed transferee is a member of the Company or not.

Inspection:—Copies of the Memorandum and Articles of Association and of the draft agreement referred to above and the Sandur Companies Act may be inspected at the Companies registered office during business hours and at the office of the Companies Solicitors at Kermani Building, Sir Pherozshah Mehta Road, Fort, Bombay.

The place of business in British India:—

The Company has not established any place of business in British India.

Application for shares:—Application for shares can be made on the form accompanying this Prospectus or on a similarly typed form which should be submitted to the Directors at the Registered Office of the Company at Sandur.

It is intended to make applications in due course to recognised Stock Exchanges for placing the shares on their list and for permission to allow dealings in the shares of the Company.

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The share certificates will be ready for delivery within six months from the date of allotment.

Dated this 8th day of April 1947.

Sd/- G. L. Dhekne
Sd/- V. L. Joglekar
Sd/- C. R. Doshi
Sd/- N. A. Dandekar
Sd/- P. I. Patil
Sd/- J. V. Patil
Sd/- V. S. Lad,
Sd/- D. B. Raje Ghorpade.

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THE SANDUR PLANTATIONS LTD.

(Incorporated in Sandur State)

FORM OF APPLICATION FOR SHARES.

Date _____

No. _____

No. of shares applied for:—

Ordinary _____

Preference _____

No. of shares allotted:—

Ordinary _____

Preference _____

Date of allotment _____

To

THE DIRECTORS,

THE SANDUR PLANTATIONS LIMITED

SANDUR (SANDUR STATE)

I/We request you to allot me/us _____ Ordinary Shares of Rs. 10/- each and _____ 6% free of Income Tax Preference Shares of Rs. 100/- each of the Company on terms and conditions of the Company's Memorandum and Articles of Association and the Prospectus.

I/We herewith remit a sum of Rs. _____ by cash/cheque being the amount payable on application in respect of these shares at Rs. 5/- and Rs. 50/- per Ordinary and Preference Shares respectively.

I/We agree to accept smaller number of shares of either class than stated here that may be allotted to me/us.

I/We hereby undertake to pay the balance of Rs. 5/- and Rs 50/- per Ordinary and Preference Share respectively on allotment.

I/We authorise you to register me/us as the holder/holders of the shares allotted to me/us hereunder.

Usual Signature _____

Name in full (In block letters) _____

Occupation _____

Address (in full) _____

Date _____

The Remittance must be sent entire to the Office of the Company.

This form together with

THE SANDUR PLANTATIONS LIMITED.

RECEIPT FOR APPLICATION MONEY.

No. _____

Date _____

RECEIVED from _____

the sum of Rupees _____ being the amount payable with application in respect of _____ ordinary and _____ 6% Preference Shares of Rs. 10/- and Rs. 100/- each respectively of the above Company.

For **The Sandur Plantations Ltd.**

Rs. _____.

Managing Agents.

(Receipt to be retained by the applicant and to be exchanged for share certificate)

Memorandum of Association
OF
THE SANDUR TOBACCO COMPANY LIMITED

1. The name of the Company is The Sandur Tobacco Company, Limited.

2. The Registered Office of the Company will be situated in the Sandur State.

3. The objects for which the Company is established are the following :—

   (a) To carry on the business of manufactures of and dealers in tobacco, cigars, cigarettes, matchlights, pipes, bidis, cheroots, snuff, smoking requisites and accessories and such other articles required by or which may be convenient to smokers and of snuff grinders and snuff merchants and box merchants and to deal in any other articles or things commonly dealt in by tobacconists.

   (b) To carry on the business of cultivation and plantation of tobacco plants and trees and to carry on the business of farming, agriculture, cultivation of land, fruit growing, horticulture and the allied industries, and to deal in all kinds of farming, agriculture and garden products.

   (c) To search for and to purchase or otherwise acquire from any Government, State or authority any concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company, capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.

   (d) To acquire in India or elsewhere, by purchase, lease or otherwise for the purposes of the Company, and real or personal, immoveable or moveable property, rights and privileges including any land, buildings rights of way, easements, licenses, concessions and privileges, patents, patent rights, trademarks, machinery, rolling stock, plant, utensils; accessories, and stock in trade.

   (e) To build, alter, construct and maintain any mills, factories, ware-houses, chawls, dwellings, reservoirs, tanks, roads, buildings or works, necessary for the purposes of the Company or which can be conveniently used in connection therewith.

   (f) To carry on the business of commission agents and any other business, whether manufacturing or otherwise, which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

(g) To acquire and undertake the whole or any part of the business, property and liabilities of any person or Company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.

(h) To apply for, purchase or otherwise acquire, any copy-rights, patents brevets d'invention, licence, concessions and the like conferring any exclusive or non-exclusive or limited rights (either in point of time or otherwise) to use any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licenses in in respect of, or otherwise to turn to account the property, rights or information so required.

(i) To enter into partnership or into any arrangements for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession or othetwise with any person or Company or Companies carrying on or engaged in or about to carry on ,or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to act as the agents of any such pereson or Company or Companies or otherwise assist any such pereson, Company or Companies and to take or otheewise acquire, shares and securities of any such Company or Companies and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.

(j) To take or otherwise acquire, and hold share in any other Company having objects altogether similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

(k) To enter into arrangements with any Governments, or authorities Supreme, Municipal, Local or otherwise, that may seem conducive to the Company's objects or any of them, and to obtain from any such Governments or Authority, any rights, privileges and concessions, which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

(l) To pay all costs, charges and expenses incurred or sustained in or about the promotion, registration and establishment of the Company or which the Company shall construe to be preliminary, including therein law charges, the cost of advertising, commission for underwriting, brokerage, printing and stationery, as well as rates, taxes, insurance premia and other outgoing and office rents, employees' wages and incidental charges for the maintenance and upkeep of the business of the Company.

(m) Upon any issue of shares, debentures, or any other securities of the Company, to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by issue of shares, debentures or other securities of the Company, by the granting of option to take the same, or in any other manner allowed by law.

(n) To procure the incorporation, registration or other recognition of the Company in any country, State, or place, and to establish and regulate agencies for the purpose of the Company's business, and to apply or join in applying to any parliament, Government, Local Municipal or other authority or body, British Colonial, or foreign, for any acts of parliament, laws, decrees, concessions, orders, rights, privileges, that may seem conducive to the Company's objects or any of them and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(o) To open and keep a register or registers in any country or countries or in Indian State or States where it may be deemed advisable to do so and allocate any number of the shares in the Company to such register or registers.

(p) To purchase, take on lease, or otherwise acquire, for the purposes of the Company, any estates, lands, buildings, easements or other interests in real estate to sell, let on lease or surrender any lease or otherwise dispose of or grant rights over any real property belonging to the Company.

(q) To purchase, take on lease, or in exchange, or otherwise acquire, erect, maintain, reconstruct, and adapt any buildings, offices, workshops, factories or places for production of machinery, accessories and other things found necessary or convenient for the purposes of the Company, and also to extend the business of the Company by adding to, altering, enlarging all or any of the buildings, factories, premises, places for production of machinery for the time being the property of the Company or on all any of the lands for the time being the property or in possession of the Company, and by expending from time to time, such of money as may be necessary or expedient for the purpose of the improving, adding to, altering, repairing and maintaining the buildings and machinery and property for the time being of the Company.

(r) To erect, purchase, take on lease or hire or otherwise acquire for a limited term or purpose in any part of the world for any business of the Company or for a business similar or kindred to or with that of the Company.

(s) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any part of the undertaking, property and rights of the Company.

(t) To sell, and in any other manner deal with, or dispose of the whole of the undertaking assets and/or property of the Company or any part thereof for such consideration as the Company may think and in particular for shares debentures and in particular for shares debentures and other securities of any other Company having objects altogether or in part similar to those of the Company.

(u) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.

(v) To lend money to such persons or Companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such persons or Companies.

(w) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of the debentures, or Debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property, both present and future, including its uncalled capital and to purchase of redeem any such securities.

(x) To remunerate any person or Company, for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of the shares in the Company's capital, or any Debenture-stock or other securities of the Company, or in or about the formation of promotion of the company or conduct of its business.

(y) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.

(z) To receive money or deposit with or without allowance of interest thereon.

(aa) To establish agencies in India and elsewhere for sales, purchases and distribution and to regulate and discontinue the same.

(bb) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or ex-employees of the Company (or its predecessors in business) or the dependents or connections of such persons, and to grant pensions and allowances and to make payments towards insurance and to subscribe and guarantee money for charitable and benevolent objects or for any public, general or useful object or objects.

(cc) To promote any Companies for the purposes of acquiring all or any of the property rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.

(dd) To undertake and execute any trusts, the undertaking whereof may seem desirable, and either gratuitously or otherwise.

(ee) From time to time to subscribe or contribute to any charitable, benevolent or useful object of a public character or for any exhibition.

(ff) To create any reserve fund, sinking fund, insurance fund or any other special fund, whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company, or for anyother purposes conducive to the interests of the Company.

(gg) To place to reserve, or to profit and loss account or to distibute as dividend or bonus among the members, or otherwise, to apply as the Company may from time to time think fit, any moneys received by way of premium on shares or debentures, issued at a premium by the Conpany and any moneys received in respect of dividends accrued on forfeited shares, and moneys arising from the sale by the Company or forfeited shares or from unclaimed dividends.

(hh) To distribute any of the property of the Company amongst the members in specie or kind.

(ii) To do all or any of the above things in any part of the world and either as Principals, contractors or otherwise and either alone or in conjunction with others or as factors, trustees or agents of any companies or persons, or by or through any factors, trustees or agents. To do all such other things as are incidental or conducive to the attainment of the above objects.

4. The liability of the Members is limited.

5. The capital of the Company is Rs. 25,00,000/- (Twentyfive lakhs) divided into Fifty thousand shares of Rs.50/each with power to increase and reduce the capital in accordance with the provisions of law or the regulations of the Company and with power to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges and conditions.

We, the several persons, whose names and addresses are subscribed hereto are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names and description of subscribers.	Address	Number of shares taken by each subscriber.	Witness.

Dated this day of 1945.

87/63

(A copy of this Prospectus has been filed with the Registrar of Joint Stock Companies, Sandur State and a Copy duly certified under Section 277(A) of the Indian Companies Act has been duly filed with the Registrar of Companies Bombay Consent of the Sandur Sarkar (Sandur State) has been obtained to this issue of Capital under G.O.No. Try-36/45, Treasury Section, dated 12th August 1945. It must be distinctly understood that in giving this consent, Sandur Sarkar do not take any responsibility for the financial soundness of any schemes, or for the correctness of any of the statements made, or opinions expressed with regard to them.)

PROSPECTUS

OF

The Sandur Tobacco Co., Ltd.

(Incorporated under the Sandur Companies Act III of 1943 on 11th August 1945.)

AUTORISED CAPITAL Rs. 25,00,000/-
(Twenty-five Lakhs)

DIVIDED INTO.

50,000 Ordinary Shares of Rs. 50/- each.

ISSUED CAPITAL Rs. 5,00,000/-
(Five Lakhs)

DIVIDED INTO.

10,000 Ordinary Shares of Rs. 50/- each.

The Directors and/or their friends and the Sandur State have promised to take up 7,000 shares of the nominal value of Rs. 3,50,000/-. The remainings 3,000 shares of the nominal value of Rs. 1,50,000/- are offered to the public for subscription payable as follows, that is to soy :- Rs. 25/- per shares on application and Rs. 25/- per share on allotment.

RIGHT OF VOTING.

On a show of hands every member who being an individual is present in person or being a corporation is present by a representative duly authorised under Section 80 of the Act, shall have one vote and upon a poll every member who is present in person or by proxy shall be entitled to one vote for each share held by him of whatever class or denomination.

DIRECTORS

1 RAO SAHEB PREMCHAND ICHHARAM PATIL.

Chairman of the Fortune Commercial Bank Ltd., Jalgaon (2) The Savda Faizpur Electric Supply Co., Ltd. (3) The Pachora Electric Supply Co., Ltd., Director The Great Social & General Assurance Ltd. The New India Industries Ltd., Land-lord and Banker.

56, Ridge Road, Bombay, (Chairman).

2. DATTATRAYA RAMCHANDRA NAIK, ESQ.,

Banker and Land-lord, Vice-President of the Maharashtra Chamber of Commerce, Director of Bank of Poona Ltd.

2 A Carmachael Road, Cumbala Hill, Bombay.

3. GANESH LAXMAN DHEKNE, Esq.

Retired First Class Sub-Judge. (1) Director of Agricultural Cane Products Ltd. (2) The Baroda Battery Works, Ltd.

316, Somwar Peth, Poona City.

4. VITHALRAO S. LAD. Esq.,

Government Contractor and Land-lord, Sandur,

(Sandur State.)

5 D. D. BAHULIKAR, Esq.,

Land-lord and Merchant,

479, Budhwar Peth, Poona City.

6. B. S. MIRJE, Esq.,

Tobacco Merchant and Commission Agent.

Shahupuri Kolhapur (Kolhapur State)

7. D. BHASKER, Esq.,

Consulting Tobacco and Cigarette Expert, Proprietor, Messrs. Royyee Co., Tobacco Manufacturers,

36, East Road, Basavangudi, Bangalore City.

8. SHRIMANT KRISHNARAO SHANKARRAO CHITNAVIS,

Bankers and Land-lord, Civil Lines, Nagpur City.

8. SHRIMANT SARDAR D. B. RAJE GHORPADE,

First Member of the State Executive Council,

Sandur State, Sandur.

MANAGING AGENTS.

Messrs. ~~J. R. & Sons,~~ A. D. Sanfard & Co.,) Sandur, (Sandur State).

REGISTERED OFFICE.

YASHWANTNAGAR, (Ssndur State) M.S.M. Rly.

BANKERS.

THE CENTRAL BANK OF INDIA LTD.

THE NEW CITIZEN BANK OF INDIA LTD.

AUDITORS.

S. G. MANDRE & CO.

(Dr. S G. Mandre, Esq., B.A., R.A , Ph.D., F S.A.A)
Incorporated Accountant & Auditor (London)
Ram-Mansion, Navroji Fardunji Road, near
Taj-Mahal Hotel, Bombay.

SOLICITORS.

Messrs. GODAMBE & JOGLEKAR,
Kermani Building, Sir Pherozshah Mehta Road, Fort, Bombay.

OBJECTS OF THE COMPANY.

The Company has been formed with the object generally set forth in the Memorandum of Association (a copy whereof is hereto annexed and forms part of this prospectus) for the purpose of carrying on the business of manufacturers of and dealers in Tobacco, Cigars, Cigarettes, Match-lights, pipes, bidis, cheroots, snuff, smelling reqnisites and accessories etc.

PROSPECTUS.

India is one of the fore-most countries amongst the tobacco growing countries of the world. More than one third of the world's production of cigarette tobacco is grown in India. About the 3/4th quantity of this tobacco grown in India is exported to foreign countries in its raw state ; though there is a greatly increased demand for cigarettes in India at present. It is clearly seen that the present out-put of cigarettes in India is not sufficient to cope with the demand from the Public and besides there is an ever growing demand for Indian made Cigarettes from countries around India. There is, therefore,a great scope for this Company.

No Promotion Fees. There will be no promotion fees nor will there be any founder or management shares.

Preliminary Expenses. The Preliminary expenses are estimated not to exceed Rs. 15,000 – inclusive of legal costs and registration charges but exclusive of brokerage and commission.

Commission. The Company will be entitled to pay a commission not exceeding 5 per cent on the value of shares applied for and allotted to any person

in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or for procuring or agreeing to procure subscription (whether absolute or conditional).

Minimum Subscription. The minimum subscription upon which the directors will proceed to Allotment will be 2000 shares of the nominal value of Rs 1,00,000 – which in the opinion of the Directors is sufficient for the purpose of starting work.

Number of Directors. Unless otherwise determined by a general meeting the number of Directors shall not be less than three or more than ~~eleven~~ fifteen exclusive of the Ex-officio, special and Debenture Directors, if any. The Sandur Government shall during the period of the Company's monopoly be entitled to nominate from time to time a Director representing the Sandur State as a Special Director on the Board of Directors of the Company. The Director nominated by the Sandur State as aforesaid shall not be required to hold any qualification shares or be subject to retirement by rotation. The Managing Agents of the Company shall also be entitled duriag such time as they are the Managing Agents to appoint two nominees as Ex-officio directors shall not be required to hold any qualification shares or be subject to retirement by rotation. The Ex-officio Directors shall be entitled to hold office until requested to retire by the Managing Agents provided that an Ex-officio director may at any fime by notice in writing to the Company resign his offlre. As and whenever an Ex-officio director vacates office whether upon request of the Managing Agents or by death or otherwise the Managing Agents may appoint another director in his place.

Qualification of a Director. The qualification of a Director other than Ex-officio, Special or Debenture Directors shall be the holding of at least 200 shares in the capital of the Company of the nominal value of Rs 10,000–.

Direetors' remuneration. The remuneration of a Director shall be a sum not exceeding Rs. 100/– for every meeting of the Board attended by him as shall from time to time be fixed by the Directors. The Directors may allow and pay to any director who is not a bona fide resident of Sandur and who shall come to Sandur for the purpose of attending a meeting such further sum as the Directors may consider fair compensation for his travelling expenses in addition to his fee for attending such meeting as above specified.

Managing Agents. Subject to the control and supervision of the Directors the general management of the business and affairs of the Company will be in the hands of Messrs J. B. & Sons, who will be the Managing Agents of the Company for the period of 10 years from the registration of the Company and upon the terms hereinafter mentioned.

Agreement. The company shall enter into the following agreement namely an agreement with J. B. & Sons, their successors and assigns, appointing them as the Managing Agents of the Company for a period of 10 years. As remmneration for their services the Managing Agents shall be entitled to draw an allowance of Rs 1000 – per month plus a commission of 1–½ per cent on the annual net profits of the Company as defined by section 87c of the Mysore Companies Act. The Company shall also pay to Rao Saheb P. I. Patil, Proprietor of J. B. & Sons, the Managing Agents, all the expenses actually incurred and the amount spent by him for the purposes of the Company's work at Sandur.

Directors' Interest. Rao Saheb P. I. Patil who is an Ex-officio director of the Company is the Proprietor of the said J. B. & Sons the Managing Agents of the Company and as such he is interested in the remuneration payable to the Managing Agents as mentioned above. Mr. D. Bhaskar is a technical adviser to the Company and as such he will be interested in the remuneration payable to him. Except as mentioned above, no other director has any interest in the Company,

Transfer of Shares. The directors may at any time in their absolute and uncontrolled discretion and without assigning any reason refuse to transfer any proposed transfer of shares whether the proposed transferee is a member of the Company or not.

Inspection. Copies of the Memorandum and articles of Association and of the draft agreement referred to above and the Sandur Companies Act may be inspected at the Company's registered Office during business hours and at the office of the Company's Solicitors in Bombay.

A copy of the Memorandum of Association is annexed to this Prospectus and forms part of it.

The Place of business in British India. The company has not established any place of business in British India.

Application for Shares. Application for shares can be made on the form accompanying this prospectus or on a similarly typed form which should be submitted to the Directors at the registered office of the Company at Yaswant Nagar.

It is intended to make application in due course to recognised stock exchanges for placing the shares on their list and for permission to allow dealings in the shares of the Company.

The share certificate shall be ready for delivery within six months from the date of allotment.

Dated the day of 1946.

93/09

FORM OF APPLICATION FOR SHARES.

No._____ *Date*_____

No. of shares applied for *No. of shares alloted*

*Ordinary*_____ *Ordinary*_____

To,

The DIRECTORS of

THE SANDUR TOBACCO COMPANY, LTD.

YASHAWANT NAGAR (SANDUR STATE)

Gentlemen,

I/We beg to hand over to you the sum of Rs._____ being a deposit of Rs. 25/- per Share on_____ Ordinary Shares of Rs. 50/- each in the above named Company and I/We request you to allot me/us that number of Shares upon the terms of the Company's memorandum and articles of Association and I/We hereby agree to accept the same or any smaller number that may be allotted to me/us and to pay Rs. 25/- per Ordinary Share on allotment, and I/We authorise you to place my/our name on the Register of Members of the Company in respect of the Shares allotted to me/us.

Yours faithfully,

Usual Signature__ _____

NAME (in full)_____

PROFESSION OR BUSINESS_____

ADDRESS (in full)_____

NOTE:--A lady should please state whether she is married, unmarried or a widow.

the remittance must be sent entire to the Company's address.

This form together with

THE SANDUR TOBACCO COMPANY LTD.

YASHAWANT NAGAR (SANDUR STATE).

(Company's Receipt for Application Deposit)

NO._____

Received this_____ day of_____ 194

from_____ of_____ the sum of

Rupees_____ being deposit of Rs. 25/- per Ordinary

Share on_____ Ordinary Shares each of Rs. 50/- in the above named Company.

Rs._____ *Managing Agents.*

NOTE:--This receipt should be preserved to be exchanged for the Share Certificate when ready.

Pick-up page.

The 12th. Meeting of Board of Directors of The Sandur Tobacco Co Ltd., Yeswantnagar, was held at the Registered Office of the Famous Life Insurance Co Ltd., Dhun-mur Sir Phirojsha Metha Road, Fort, Bombay, on Saturday the 4th. September, '48, at 3-30 p.m. and the representatives of the depositors and creditors were invited to attend the said meeting with a view to arrive at some settlement with them, if possible, or to find some such other alternative as may be acceptable to all.
The said meeting was held at Bombay, at the request of the most of Directors, as also many of the creditors desired that the meeting to be held at Bomaby, as most of them were from the surrounding area of Bombay and it was convenient to attend the meeting at Bombay, instead of at Yeswantnagar.

The Following Directors were present:

1.Mr.A.D.Sampat.

2.Raosaheb G.L.Dhekne.

3.Mr.D.D.Bahulikar.

4.P.B.Rupa rel.

5.Mr.Jamnadas Hansraj.

6Mr.N.H.Gokhruwalla.

7.Mr.G.D.Sampat.

8.Mr.L.N.Deshpande.

9.Roasaheb P.I.Patil, attended the meeting at a later stage.

The Following creditors and depositors were present:

1.Mr.Shrimant Sardar D.B.Raje Ghorpade.

2.Mr.N.V.Pandit.

3.Mr.G.T.Wadekar.

4.Mr.R.V.Rajaguru.

5.Mr.C.S.Jadhav.

6.Mr.Metha.

7.Mr.V.S.Mokase(representing the Poona Group as per their authority letter).

8.

9.

In the absence of the chairman, Mr.Jamnadas Hansraj, proposed Mr.A.D.Sampat to take the chair of the meeting and the same was seconded by.Mr.G.D.Sampat. With a vote of thanks to the members, present, for offering him the honour, Mr.A.D.Sampat, took the chair amidst cheer and requested those were present, to extend their fullest co-operation to him to carry

(contd).

work of the meeting successfully and particularly,informed the members present,that the said meeting was one of the most important of the meetings in the life of the company,and he requested all those who were present,to give their serious consideration to the subject that was to be discussed and settled in the best interest of all concerned.

At the instance of the chairman,the minutes of the previous board meeting was read out to the meeting and the chairman put his signature confirming the same since no-body had to raise object to the contents of the same.
Mr.A.D.SAMPAT informed the meeting from the chair that he had requested Raosaheb P.I.Patil,in writing to attend that meeting,particularly,as he (Raosaheb P.I.Patil) was likely to be required to explain many a point in connection with the company's affairs and particularly in view of the surprised letter,received from the company's auditors,M/S.S.G.Mandre & Co., The contents of the said letter were,discussed disclosed to the members present.Mr.A.D.Sampat,further informed the meeting that in reply to his letter to Raosaheb P.I.Patil,he was informed by Roasaheb P.I.Patil,that he (Raosaheb P.I.Patil) would not like to answer any question until and unsless the questions to asked for his explainations,were give in writing to him and sufficient time was allowed to him for his reply.Mr.A.D.Sampat,read-out to the meeting,the letters sent to Raosaheb P.I.Patil and his reply.He aslo readout to the meeting the letters sent to M/S.S.G-Mandre & Co.,requesting them to attend the meeting particularly,in view of the seriousness of the letter letter d/10th.August,'48,which was readout to the meeting,but M/S. S.G.Mandre & Co., did not attend the meeting as they were out of Bomaby,according to the letter received from wife of Mr.S.G.Mandre,the proprietor of M/S.S.G.Mandre & Co.The said letter was also readout to the meering.

At a special request of the Managing Agents,in writing,to M/S.Godambe & Joglekar,solicitors of the company,.Mr.G.A.Godambe,the partner of the abeve firm,attended this meeting for both the days,to help the meeting in legal points.

The Following business was then transacted.

At the request of Directors Present as also to meet the desire of the creditors and depositors,the item No.3 of the Agenda,was taken up first,for consideration.Mr.A.D.Sampat from the chair,gave graphic picture fro of the affairs of the company,to the members present and asked the depositers and creditors to give their serious consideration to arrive at some settlement in the welfare of all.
Mr.V.S.Mokase,who was representing a major portion of the depositors,explained in detail the series of conferences and discussions,he had with the new Managing Agents and put before the members present his views in the matter and asked them whether they could arrive at some settlement with the company.
Mr.A.D.Sampat,informed the members present that he would be prepared to offer the proportional percentage of their deposits in full and final settlement according to to the present value of the assets properties of the company.
He further invited that the present value of the assets of the company can be arrived at,by mutual understanding between the depositers and himself,and though there was no practical difference between the depositers and Mr.A.D. Sampat,about the assessment of the present value of the assets of the company yet no amicable settlement was arrived at on account of many other complications which were beyond the limits of all the present,to over come.Mr.A.D.Sampat,read out to the members present the telegram received from the Special Officer of Sandur,in connection with the deposit of Rs.(1,00,000/-) rupees one lac given by the Sandur State.In view of the said telegram,as well as many other complications,which were still to be settled it was not possible for the members present to arrive at a final settlement and hence after an exhaustive

discussions the matter was left to be settled at future date.

The Meeting was continued further amongst the directors to consider the he other items of the agenda, the depositors and the creditors having left. Mr.D.D.Bahulikar, proposed to take the company into voluntary liquidation in view of no tangible settlement was arrived at and the same was seconded by by Raosaheb G.L.Dhekne. However, the directors, present were of the strong opinion not to take a hastly step insuch a matter of life and and death of the company, before coming to any final decission, they wanted to study the the matter, still further, by going into the affairs of the company, in detail and if possible to find out some better solution to save the company from the disastrous of liquidation. Moreover, in view of the recent change in the Managing Agency, as also most of the directors coming from the business circles who just started in taking interest in the affairs of the Company, the other directors present were strongly against the said proposal, while Mr.L.N.Deshpande remained neutral.

Item No.1. of the agenda was taken up for consideration:
The resolution of Raosaheb G.L.Dhekne, which was circulated amongst the directors, was under discussion and ultimately the said resolution was said moved by Raosaheb G.L.Dhekne and was seconded by Mr.D.D.Bahulikar.

"RESOLVED that the accounts of the Sandur Tobacco Co Ltd., together with its papers, deeds, vouchers and fixed deposit Receipts and current account of the Ex-Managing Agents, if any be re-examined, thoughly, by M/S.B.M.Metha & Co., Regd.Accountants of Bombay, along with Raosaheb G.L.Dhekne, as a director of the company, through his authorised representative as his assistant.

PASSED Unanimously.

After a careful consideration over the resolution of the agenda, the directors present requested Raosaheb G.L.Dhekne, to amend the wording of the resolution and Raosaheb G.L.Dhekne did agree to amend the said resolution and with the consultation of all the directors present, an amended resolution was framed out and the same was proposed by Raosaheb G.L.Dhekne and was seconded by Mr. D.D.Bahulikar.

"RESOLVED that the said M/S.B.M.Meth & Co, and the representative of Raosaheb G.L.Dhekne as a director of the company, will report to the directors of the company, the result of their examination, to enable the directors to take such legal qetion as they think fit, in case the affairs are not found proper."

While taking the item No.2 of the Agenda Mr.A.D.Sampat, the Managing Agent of the Company, explained from the chair in detail the critical financial position of the company through which the Management was passing through. Mr.A.D.Sampat explained to the directors that all the necessary changes were operated and un-required expenses of the company curtailed immediately. He further informed that the working of the company was under the serious consideration of the management and was trying to find out the best solution to improve the financial position of the company gradually. He also informed the meeting that in view of feeble financial position of the company, he did not deem it advisable to burden the Co., with a heavy load of Rs.1,00,000/-(rupees one Lac)only immediately, and he would like to restrict it to only Rs.50,000/- for the time being which he would require to meet the immediate demand of the urgent payment. However he assured the meeting that in case some settlement is arrived at with the depositors as if the company would require a further loan he would definitely see his way

(Contd).....

by arranging that such loan to the company from Mr.Jamnadas Hansraj and meet the obligations of the settlement.In the meantime,he assured the meeting that he would try to maintain the economic work of the company,so that as to reduce the losses accumted in the past,as far as possible.He also informed in the meeting and drew their special attention to some items which required immediate payments as the company, was not in a position to delay the said payments.He further informed h that out of the loan of Rs.50,000/- to be taken for the time being from Seth Jamnadas Hansraj,against the security of the Co's movable and immovable properties of the company,an sum of about Rs.10,000/- had already been taken by that date.

The Meeting continued the next day at 3 p.m. at Mr.A.D.Sampat's reside -nce,at Ghatkopar.Raosaheb P.I.Patil,attended this meeting.Mr,D.D.Bahulikar,drew the attention of the meeting about the figures of the dep deposits given in the Balance-sheet,which was to be put before the shareholders,in the next Annual General Meeting,to be held on 11th.September,'48,and pointed out that the item of Rs.89,125/- shown in the deposits from the directors appeared to be wreng.The Managing Agents,Mr.A.D.Sampt,assured him and the other directors present,that he would look into the matter and the real state of affairs would be reported to the share holders in the Next Annual General Meeting on 11th.September,'48.He further informed that meeting that the total amount of the deposits as shown in the balance sheet was absolutely correct as accepted by by Mr.D.D.Bahulikar too,and if there would be anything any mistake in shewing the two items separately(deposits from Directors and deposits from others). they said there could be likely to be a typical mistake.However,it remained a fact,taht it did not affect the laibility of the company, since the total amount was correct.

Mr.A.D.Sampt from the chair again took up the letter dated 10th.Aug, '48from M/S. S.G.Mandre & Co., the contents of which were under a serious consideration of the directors.In view of the seriousness of rapart made thro' the letter,the directors were of the opinion that subject to the sanction of the General Meeting,to be held on 11-9-48, the accounts of the Co,should be re-audited by M/S.B.M.Mehta & Co., the Regd.Accountants of Bombay,and a fresh Balance-Sheet if necessary be prepared by them,along with a profit and Loss a/c for the period ended 31st.March,'48 and put before the meeting members of the company ar some later date.

Mr.A.D.Sampat,from the chair put before the meeting the stamped receipts received from Raosaheb P.I.Patil,by himwhich were issued to him(Raosaheb P.I.Patil) from time to time by M/S.Chamundi Construction Co.,in connection with the construction work done by them.The said receipts were as under:-

S.No.	Receipt No.	Amount.	Date.
1.	9.	Rs.10,000	26th.January,'46.
2.	14.	Rs. 5,000.	22nd.March,'46.
3,	16.	Rs. 2,000.	3rd.April,'46.
4.	17.	Rs.30,000.	do do.
5.	18.	Rs.25,000.	7th.May,'46.
6.	19.	Rs.50,000.	25th.June,'46.
7.	21.	Rs.15,000.	16th.July,'46

S.No.	Receipt No.	Amount.	Date.
8.	22	Rs.20,000.	20th.July,1946.
9.	23.	Rs. 3,000.	29th.July,1946.
10.	24.	Rs.75,000.	16th.August,1946.
11.	25.	Rs.25,000.	16th.September,1946
12.	28.	Rs.16,000.	7th.January,1947.
13.	29.	Rs.20,000.	21st.January,1947.
14.	30.	Rs. 7,500.	8th.March,1947.
15.	31.	Rs.30,000.	19th.April,1947.
16.	35.	Rs.10,000.	26th.July,1948.
17.	36.	Rs.40,000.	26th.July,1948.
18.	37.	Rs. 5,000.	23rd.November,1945 (Duplicate Receipt No.7 dated 23-11-45.).
19;	38.	Rs.15,000.	23rd.January,1946. (Duplicate Receipt No.8 dated 23-11-46.).
20.	39.	Rs. 1,000.	25th.July,1948.

The following resolutions were passed by circular during the period between the previous board meeting held on 22nd.July,1948 and this meeting held on 4th.September,1948.

Circular.No.1.

The Second Annual General Meeting of The Sandur Tobacco Co Ltd.,Yeswantnagar,was scheduled to be held at the Registered Office of the Company,on 11th.Day of September,1948,at 3 p.m.,when the following members were present:

1.Mr.V.S.Lad.

2.Mr.N.H.Gokhruwalla

3.Dr.D.M.Shinde.

4.Mr.K.Mylariah.

As the required quarom was not present formed the meeting was adjourned to 18th.September,1948,in accordance with the article 82 of the Articles of Association of the Company,to be held at 3 p.m. at the registered office of the company.,being the same time and same day in the following week.

The Second Annual General Meeting so adjourned was held at its registered office,at Yeswantnagar on 18th.September,'48 at 3 p.m.

The Following Members were present:

1.Mr.V.S.Lad.

2.Mr.N.H.Gokhruwalla.

3.Mr.K.Mylariah.

4.Dr.D.M.Shinde.

In the absence of the chairman of the board of directors,Mr.V.S.Lad,proposed Mr.N.H.Gokhruwalla,to take the chair of the meeting and the same was seconded by Mr.K.Mylariah.

Mr.N.H.Gokruwalla with a vote of thanks to the members present,for having been offered such honour,took the chair of the meeting amidst cheers;and gave an assurance that he would try to carry out the work of the meeting to the best of his abilities.

At the instance of the chairman,Mr.Venugopal.S.,the accountant of the Co., readout to the members present,the minutes of the last Annual General Meeting.The same was confirmed and the chairman put his signature since no-body had to ~~object~~ raise any objection to it.

The Chairman then read-out to the members present,the notice dated 22nd.July 1948,convening the meeting and took up the item No.1 of the agenda for the consideration of the members present.He also put before the meeting the letters dated 10th.August,'48 and 9th.September,'48 received from M/S.S.G. Mandre & Co.,the auditors of the company and from the Managing Agents,respectively;as also he read-out to the members present the minutes of the meeting of the board of Directors,held at Bombay on the 4th.Day of September,'48. After an exhaustive discussion and consideration over the matter,the members present passed the Directors' report,and the audited Balance-Sheet and Revenue accounts for the period ended 31st.March,'48;and simultaneously directed that the directors of the company,should get the accounts of the Company

(contd).....

re-examined by M/S.B.M.Metha & Co., Registered Accountants of,Bomaby andreport to the members,by convening an Extra-Ordinary General Meeting of the Members of the Company.The name of M/S.B.M.Metha & Co., Regd.Accountants,was selected for the job,in view of Mr.N.H.Gokhruwalla's request in writing, which was circulated amongst the members of the company,to appoint them as the company's auditors for the current year.

The sufficient extension for lodging the returns of the company,with the Registrar of Joint Stock Companies,had since been granted and it was absolutely necessary for the company,to lodge their returns with the said department,without any further loss of time,and hence with a view to meet the obligations under law,as also to find out the real state of affairs as per the letter of M/S.S.G.Mandre & Co., dated 10th.August,'48,as also as per the directors' demand at their meeting of the 4th.September,'48,the members present were of the opinion to put the following resolution for adoption:

The following resolution resolution was moved from the chair:

"RESLOVED that the Directors' Report,Audited Balance-Sheet and Revenue accounts of the Company for the period ended 31st.March,'48 be and are hereby adopted."

Passed unanimoubly.

Mr.N.H.Gokhruwalla from the chair moved thef following resolution:

"RESOLVED that M/S.B.M.Metha & Co., the Registered Accountants of Bomaby,be requested to re-examine the books of accounts of the company and go through the entire accounts of the company and report to the directors of the Company,the result of their investigation for the period ended 31st.March, 1948;and they may be paid a sum of Rs.300/-(rupees three hundred only) as their remunaration for thede purpose."
Passed unanimously.
In view of M/S.B.M.Metha & Co.,being competent auditors to find out the actual affairs of the company,the members present were of the opinion that the investigation from the outsiders,on behalf of of any directors should not be allowed,as recommended a representative of Raosahab G.L.Dhekne,by the directors' of the company at their meeting.at Bo,aby on 4th.September,'48

The Following Resolution was proposed by Mr.V.S.Lad and the same was seconded by Mr.K.Mylariah.

"RESOLVED that until the result of the investigation of M/S.B.M.Metha & Co., is reported to the directors of the company,the examination of the accounts of the company,by the representative of any director or directors be not allowed;however the directors are at liberty to inspect the accounts themselves at any time,during the office hours"

Passed Unanimously.

The Chairman then took up the item No.2 of the agenda for the consideration of the members present.To meet the desire of the members present,the chairman took up the names of all the retiring directors,one by one and put them before the members for re-election.
The Chairman read out to the meeting,the letters dated 21st.August,'48,from M/S.A.P.Seth and Jamnadas Hansraj,tendering their resignation as directors of the company and at the same timeoffering themselves as directors of the Company in place of retiring directors M/s. D. D. Bahulikar and Raosahib G. L. Dhekne, respectively.

After a due consideration over these two letters by the members present Dr. D. M. Shinde proposed the following resolution and the same was seconded by Mr. V. S. Lad.

Resolved that "The Resignation of Mr. Amritlal P. Seth as a director of the company be and is hereby accepted with regret, as per his letter dated 21st August, '48. It is further resolved that "Mr. Amritlal P. Seth ~~x~~ ,in view of his offer to be elected as a director, in the place of the retiring director, Mr. D. D. Bahulikar, be and is hereby elected as a director of the Company, in place and stead of Mr. D. D. Bahulikar"

Passed Unanimously.

Mr. K. Mylariah, proposed the following resolution and the same was seconded by Dr. D. M. Shinde.

Resolved that "The Resignation of Mr. Jamnadas Hansaraj, as director of the company be and is hereby accepted with regret as per his letter dated 21st August, '48."

It is further resolved that "Mr. Jamnadas Hansaraj, as per his offer as a candidate to be elected as a director in place of Raosahib G. L. Dhekne, be and is hereby elected, in place and stead of the retiring director, Raosahib G. L. Dhekne".

Passed Unanimously.

Dr. Shinde, proposed the following resolution which was seconded by Mr. K. Mylariah.

Resolved that "M/s. P. I. Patil, V. S. Lad and Parripathi Venkatratnam, the retiring directors under article 129 of the articles of association of the Company, be and are hereby re-elected as the directors of the Company".

Passed unanimously.

The Chairman then took up the item No. 3 of the Agenda for consideration of the members present. The question of appointment of the Auditors for the current year was under serious consideration and practicularly, in view of the directors not beeing fully satisfied with the way, Messrs. S. G. Mandre & Co., the auditors of the Company, conducted the audit of the Company, moreover the letter dated 10th August, '48 received from them in connection with their past audit also received the serious attention of the Meeting. The letter received from Mr. N. H. Gokharuwala, dated 21st August, '48, giving a notice to the company, regarding his itention to appoint Messrs. B. M. Mehta & Co., Registered Accountants, Bombay in place and stead of the retiring Auditors Messrs. S. G. Mandre & Co., for the year 1948 - '49, was read out to the Meeting. As per the notice given by Mr. N. H. Gokharuwala, the remunaration for the proposed Auditors was to be fixed up the same that was allowed to the retiring Augditors, but in view pf the Company's weak financial position ~~xxx~~ as also taking ~~x~~ into consideration the reduced amount of work. The members present were of the opinion to ~~x~~ fix up their remuneration of Rs. 300/- (Rupees three hundred only) per year for the time being.

Consider this question favourably in the next Annual General Meeting.

The following resolution was moved from the Chair.

Resolved that "Messrs. B. M. Mehta & Co., Registered Accountants, of Bombay be and are hereby appointed as the Auditors of the Company, in place and stead of the retiring Auditors Messrs. S. G. Mandre & Co., for the year 1948-49 on a remunaration of Rs. 300/- per annum".

Passed unanimously.

Contd.....

The Chairman then took up the item No. 4 of the Agenda for the consideration of the members present.

The Chairman ~~then~~ readout to the meeting the letter received from Raosahib P. I. Patil tendering ~~his~~ his resignation, as the Chairman and director of the Company. After a due consideration it was decided that the mattershould be left to them for its disposal.

The Chairman then moved the following resonution from the Chair:

Resolved that "The letter dated 30th August, '48, from Raosahib P.I.Patil, tendering his resignation as the chairman and director of the Company be and is hereby referred to the directors ~~x~~ of the company and the same is hereby left at the entire discretion of the directors for its disposal.

The Chairman informed the Meeting that Mr. D. D. Bahulikar had raised a doubt in the Board Meeting of ~~x~~ 4th September, 1948 about the correctness of the deposit items as shown separetely of the Directors and other in the Balance-sheet, though as he said the total of the two items appeared to be correct. The Chairman further informed the Members present that Mr. A. D. Sampat the Managing Agent of the Company had given an assurance to Mr.D.D. Bahulikar as also other directors present in the said Meeting, that he would inquire in the matter and the real state of affairs would be reported to the next Annual General Meeting. Accordingly the chairman informed the Meeting that the total of the items of the fixed deposit in the Balance-sheet as correct, but the items shown in two separate units were incorrect being a Typical error. The correct figures were Directors Rs. 1,13,987-8-0 and other Rs.4,61,622-8-0.

The Meeting was then dis-solved with a vote of thanks to the Chairman.

CHAIRMAN.

13th September, '48.
YESHWANTNAGAR.

D.

Put-up paper (A)

27

THE SANDUR TOBACCO COMPANY, LIMITED.

2

REPORT

FOR THE

PERIOD ENDED 31ST MARCH 1948.

Registered Office:

Yeshwant Nagar, SANDUR, (S. India.)

The Sandur Tobacco Company, Limited.

(INCORPORATED IN SANDUR STATE)

Registered Office: **YESHWANT NAGAR.**

The Second Report of the Directors to the Share Holders.

The Share Holders,

The Sandur Tobacco Co., Ltd.

Your Directors beg to submit herewith the audited Balancesheet and the Profit & Loss a/c for the period ended 31st March 1948.

The work of the factory building and staff quarters was completed during the period under report and the actual manufacturing of cigarettes started approximately from 1st June 1947. Thus the period of work was for hardly ten months.

As the manufacturing started very late and the initial expenses were made mostly for construction and capital expenditure we had no other go but to capitalise expenses to the extent of Rs. 186 286–5–0, which covers a portion of expenses incurred by the Sandur Tobacco Co.. Ltd. after the commencement certificate was obtained as also a portion of expenses brought forward from the proprietory concern Sandur Tobacco Company. Particulars of the capitalised expenses are as under:–

Salaries and wages	Rs. 75,000 – 0 – 0
Travelling expenses	,, 15,000 – 0 – 0
General charges	,, 1,000 – 0 – 0
Consultation fees	,, 5,750 – 0 – 0
Interest	,, 79,536 – 5 – 0
Advertisement	,, 10,000 – 0 – 0
	Rs. 186,286 – 5 – 0

This year also the Managing Agents have foregone their Managing Agents remuneration in view of the working in loss.

The following directors retire by rotation and are eligible for re-election.

1. Raosaheb P. I. Patil
2. G. L. Dhekne Esqr.
3. V. S. Lad Esqr.
4. D. D. Bahulikar Esqr.
5. Paripatti Venkataratnam Esqr.

The following Directors having failed to attend any meeting of the Board of Directors, during the period under report, automatically vacate their offices as directors.

1. D. R. Naik Esqr.
2. B. S. Mirje Esqr.
3. Shrimant K. S. Chitanavis,

The value of the assets shown in the balance–sheet is the book value as certified by the Managing Agents and is subject to depreciation.

The Company is highly grateful to His Highness the Maharaja Saheb of Sandur for the kind patronage. he has been extending to the Company all along and to the kind support of the Government of Sandur. and the able and valuable advice of Shrimant D. B. Raje Ghorpade and the facilities offered by the State officers from time to time.

We regret to state that on account of the obvious reasons, the Company was working in loss.

You are requested to appoint auditors and fix up their remuneration, for the ensuing year.

P. I. Patil,
Chairman.
The Board of Directors.

Yeshwant–nagar.
Dated : 22nd July 1948

THE SANDUR TOBACCO

MANUFACTURING, TRADING, AND PROFIT AND

To Stock of Tobacco as on 15-1-47.	Rs.	1,12,934	8	3
,, Purchases during the period	,,	72,520	9	6
,, Cigarette Bobbins	,,	6,384	0	0
,, Shells and Slides	,,	16,224	8	0
,, Paper gilletine etc.	,,	4,972	8	0
,, Blending and other materials	,,	5,151	8	10
,, Productive Wages	,,	23,116	9	0
,, Repairs to Machinery	,,	525	10	6
,, Depreciation on Machinery	,,	11,299	13	4
,, Salaries	,,	23,669	12	2
,, Travelling Expenses	,,	10,804	0	0
,, Rent, Rates and Taxes	,,	2,600	7	7
,, Insurance	,,	4,597	10	0
,, Packing and forwarding expenses	,,	5,580	1	4
,, Commission on Sales	,,	4,578	2	0
,, General Charges	,,	5,408	8	9
,, Directors' Fees and Expenses	,,	3,336	0	0
,, Legal Charges and Audit Fees	,,	2,707	7	0
,, Motor Car Maintenaince	,,	6,537	13	4
,, Stationery and Printing	,,	3,901	14	8
,, Postage and Telegrams	,,	3,126	2	3
,, Advertisement	,,	954	7	3
,, Interest	,,	459	8	0
,, Bank Charges	,,	474	0	6
,, Octroi and Customs Duty	,,	209	0	3
,, Repairs to Building and Furniture	,,	167	2	3
,, Land Revenue	,,	50	0	2
,, Loss on Sale of Machinery	,,	1,680	0	0
,, Depreciation	,,	11,048	4	6
	Total Rs.	2,21,363	14	5

As per our Annexed Report of even Date.

S. G. MANDRE & Co.

(Dr. S. G. MANDRE, B.A.,R.A.,PH.D.,F.S.A.A. **London.)**

INCORPORATED ACCOUNTS AND AUDITORS (London.)

Registered Accountants, Bombay, Dated 19th July 1948.

COMPANY LIMITED SANDUR 3

LOSS ACCOUNT FOR THE PERIOD ENDING 31ST MARCH 1948.

By Sale of Cigarettes less returns	Rs.	90,277	14 6
„ Closing Stock of Tobacco on 31-3-1948 as per valuation of the Managing Agents	„	1,28,656	3 0
„ Closing Stock of Cigarettes on 31-3-1948 as per valuation of the Managing Agents	„	7,902	4 0
„ Miscellaneous Receipts	„	351	0 0
„ Interest	„	50	0 0
NET LOSS TRANSFERRED TO BALANCE SHEET	„	1,22,782	11 11
	Total Rs.	2,21,363	14 5

For The Sandur Tobacco Co., Ltd.

J. B. & SONS.
Managing Agents.

Dated, 22nd July 1948.

P. L. PATIL, Chairman.
G. L. DHEKNE
V. S. LAD
D. D. BAHULIKAR
N. H. GOKHRUWALLA
A. D. SAMPAT
} Directors.
A. RUDRAPPA (State Director.)

THE SANDUR TOBACCO

BALANCE SHEET AS

CAPITAL AND LIABILITIES

AUTHORISED CAPITAL							
50,000 Ordinary Shares of Rs. 50/- each						Rs. 25,00,000	0 0
ISSUED CAPITAL							
10,000 Ordinary Shares of Rs. 50/- each						5,00,000	0 0
SUBSCRIBED CAPITAL							
7,743 Ordinary Shares of Rs. 50/- each				3,87,150	0 0		
LESS Calls unpaid				3,975	0 0	3,83,175	0 0
UNSECURED LOANS							
Fixed Deposits							
From Directors	Rs.	89,125	0 0				
From Others	,,	4,86,485	0 0				
	,,	5,75,610	0 0				
Interest Accrued & Due	,,	29,592	9 0			6,05,202	9 0
Other Deposits							
Agency Deposits	,,	18,751	7 0				
Interest due on above	,,	459	8 0				
		19,210	15 0				
Against Orders		210	0 0			19,420	15 0
OTHER LIABILITIES							
For Purchases (106-13-6 due to Direc'o')		312	11 9				
For Expenses (Rs. 4808-13-0 is due to Mg. Agents)		62,339	4 6				
Other Finance		2,225	11 6				
Salaries & Wages		6,650	7 6				
Directors' Fees		3.000	0 0				
Commission on Shares		2,410	0 0				
Sundry Creditors Outstanding		15,112	3 6			92,050	6 9
Total Rs.						10,99,848	14 9

We have audited the Balance Sheet of THE SANDUR TOBACCO COMPANY, LIMITED, SANDUR. as at 31st March 1948 together with the Profit and Loss Account for the period ended the same date, with the books and vouchers of the Company and have obtained all the information and the explanations we have required. In our opinion subject to our separate report of even date the Balance Sheet and Profit and Loss Account are drawn up in conformity with the Law and exhibits a true and currect view of the state of the financial affairs of the Company to the best of our information and the explanations given to us and as shown by the books of the Company. The books of Account have been kept by the Company as required by Law. We have verified the Cash and Securities.

(Dr. S. G. MANDRE, B.A.,R.A.,PH.D. F.S.A.A. **London.)**
INCORPORATED ACCOUNTS AND AUDITORS (London.)
Registered Accountants, Bombay, Dated 19th July 1948.

S G. MANDRE & Co.

COMPANY LIMITED SANDUR.

AT 31ST. MARCH 1948.

PROPERTY AND ASSETS

GOOD WILL				500 0 0
LAND AND BUILDINGS				
as per last Balance Sheet		2,89,206 14 9		
ADD Additions during the period		77,692 15 4		
		3,66,899 14 1		
LESS Depreciation		9,172 8 0		3,57,727 6 1
WELL WORK				
as per last Balance Sheet		4,982 9 6		
ADD Additions during the period		6,825 0 0		11,807 9 6
MACHINERY				
as per last Balance Sheet		1,16,852 13 10		
ADD Additions during the period		24,925 2 0		
		1,41,777 15 10		
LESS Sold		4,500 0 0		
		1,37,277 15 10		
LESS Loss on sale and Depreciation		12,979 13 4		1,24,298 2 6
FURNITURE AND DEADSTOCK				
as per last Balance Sheet		3,948 8 3		
ADD Additions during the period		2,456 10 6		
		6,405 2 9		
LESS Depreciation		236 14 0		6,168 4 9
MOTOR CAR	Rs. 5,000 0 0			
LESS Depreciation	1,000 0 0			4,000 0 0
ELECTRIC FITTINGS AND MATERIALS		6,072 14 3		
LESS Depreciation		607 4 8		5,465 9 7
REFERENCE BOOKS	316 2 6			
LESS Depreciation	31 9 10			284 8 8
TRADE MARKS AND DESIGNS				865 0 0
REVENUE EXPENSES CAPITALISED BY MANAGEMENT				
Advertisement Rs. 10,000/-; Salaries and Wages Rs. 75,000/-; Travelling Expenses Rs. 15.000/-; Interest on Fixed Deposits Rs. 79,536-5-0; Consultation Fees Rs. 5,750/-; Other Expenses Rs. 1,000/-; We take no responsibility for this capitalisation; it is objectionable and highly improper in our opinion.				1,86,286 5 0
PRELIMINARY EXPENSES				15,000 0 0
COMMISSION ON SHARES				2,510 0 0
ADVANCES AND DEPOSITS				
Advances to Staff	13,991 4 6			
Deposit for Rent & Toll Tax	550 0 0			14,541 4 6
BOOK DEBTS (Unsecured but considered good)				42,914 15 2
STORES AND SPARE PARTS				61,170 3 4
STOCK-IN-TRADE AS PER MANAGING AGENTS' VALUATION Ciggarettes Rs. 7,902-4-0; Tobacco Rs. 1,28,656-3-0, 50,060 lbs. of tobacco in Bangalore is old and may fetch very little if sold; Rs. 80,737-9-0 was paid for it by the company.				1,36,558 7 0
INSURANCE PREPAID				395 0 0
CASH AND BANK BALANCES				
Cash on Hand	396 15 3			
Cash with Banks	6,176 7 6			
NETT LOSS AS PER P. & L. A/C.				6,573 6 9
				1,22,782 11 11
			Total Rs.	10,99,848 14 9

For The Sandur Tobacco Co., Ltd.

J. B. & SONS.

Managing Agents.

P. I. PATIL, Chairman.

G. L. DHEKNE
V. S. LAD
D. D. BAHULIKAR
N. H. GOKHRUWALLA
A. D. SAMPAT
} Directors.

A. RUDRAPPA (State Director.)

Dated, 22nd July 1948.

The Sandur Tobacco Company, Limited.

SANDUR.

NOTICE.

Notice is hereby given that the Second Annual General Meeting of the Company will be held at the Registered Office of the Company, Yaswant-Nagar, Sandur, on Saturday, the 4th (11th) September 1948, at 3-00 P.M. (S.T.) to transact the following business:-

1 To receive and adopt the Directors Report and Audited Balance Sheet and Revenue Account for the period ended 31st March 1948.

2 To elect Directors in place of Raosaheb P. I. Patil, G. L. Dhekne, V. S. Lad, D. D. Bahulikar, Paripatti Venkataratnam who retire under Article 119 of the Articles of Association but being eligible offer themselves for re-election.

3 To appoint Auditors for the current year and to fix their remuneration.

4 To transact any other business that may be brought forward with the premission of the Chairman.

The Share Transfer Books of the Company will be closed from the 20th August 1948 to 5th September 1948 (both days inclusive).

By order of the Board of Directors.
P. I. PATIL,
~~Director~~ Chairman

Dated 22nd July 1948.

THE PRAJA P. PRESS, BOMBAY-3.

The Sandur Tobacco Company, Limited.

DIRECTORS.

1 Raosaheb Premchand Icharam Patil.

2 Ganesh Laxman Dhekne, Esqr. B.A., LL.B.

3 Vittalrao S. Lad, Esqr.

4 D. D. Bahulikar, Esqr.

5 Shrimant Sardar D. B. Raje Ghorpade, (special Director).

6 L. N. Deshpande, Esqr. B.A., LL.B.

7 Paripatti Venkataratnam, Esqr.

8 V. B. Jahagirdhar, Esqr. B.A., LL.B.

9 Jamnadas Hansraj, Esqr.

10 Amritlal P. Sheth, Esqr.

11 Nanubhai H. Gokhruwalla, Esqr.

12 Gokaldas D. Sampat, Esqr.

13 Purshottam B. Ruparel, Esqr.

14 A. D. Sampat, Esqr. (Incoming Managing Agent).

Telegrams: "SANTOBCO".

Registered Office:

Yeshwant Nagar, Sandur.